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# Fundamentals for area progress

Center for Agricultural and Economic Development, Iowa State University

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# FUNDAMENTALS FOR AREA PROGRESS

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## CAED REPORT 19

Center for Agricultural and Economic Development

Iowa State University of Science and Technology

Ames, Iowa, 1963



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The Center for Agricultural and Economic Development

Iowa State University  
of Science and Technology

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## PREFACE

Rural America is undergoing analysis -- by itself and by its city cousins. There is a distinct awareness that something is changing drastically down on the farm. There is a vague awareness that the farm and its changes markedly affect the entire rural community. Government agencies, groups of private citizens, churches, schools, Main Street and industry have all voiced a concern and have initiated programs dealing with transitions of agriculture in specific areas. Basically, it is for the "people" in rural America that concern is expressed. The businessman knows that fewer farms means fewer farmers. Fewer farmers can mean fewer customers for some of the goods and services offered on Main Street. The factory supervisor knows he already has a surplus of unskilled labor. The minister sees a rising cost and many social problems in maintaining his congregation in a shifting population area. School authorities ponder over reorganization plans.

The objective of most programs stemming from this concern is: "To make fuller use of resources for greater human satisfaction." If all resources including labor were used to their fullest extent, most of the rural community's structural problems would be solved. Main Street would be happy, churches and schools would find themselves in the right location with the right size facility for members, young people would be fully employed, and industry would find trained workers for its factories. Outmigration might take place, but incomes would be high. However, in a rapidly changing society, this Utopia is highly unlikely.

With change, especially rapid change, there are unavoidable lags or imbalances in the adjustment of resources. Technological changes in farm and non-farm production and the development of transportation are examples of the kind of changing scene rural America has experienced. The structural imbalance refers to the basic structure of the community -- the things which give reason for its existence. These include the production of goods (both farm and non-farm), the retail and wholesale services, the institutions such as schools and churches, and the political, governmental function in the community. Rapid changes have caused imbalances in these structural aspects of the community. The activity is not "in balance" with the number and location of people or with the community's economic base.

There are important human characteristics associated with a community's potential for correcting the structural imbalances. Many workers do not have the skill and training necessary to take advantage of employment opportunity when it exists. Communities with declining populations frequently have an attitude that approximates defeatism, pessimism, or even hopelessness.

People must make the necessary decisions for economic and social development. Consequently, changes in attitudes and abilities are frequently necessary before progress can be made toward improved structural adjustment.

One obvious starting place is the use of more and better information regarding the imbalances and the possible alternatives facing the community. Local people have difficult decisions to make -- and they must make them for themselves. The sum total of these decisions will determine the future economic and social development of "their" community. Many of the decisions are individual by nature. The farm operator or the firm manager decides to expand or sell out. The school board and church board must make important decisions. The industrialist decides to expand his plant -- or to relocate. Some decisions are made by voters on local, state or national issues. Decisions of this kind will forge the future pattern of community development.

With this in mind, the following articles were assembled. Their purpose is to add information on area, economic and social development. It is the hope of the authors that the informational content will contribute to improved decisions for economic and social development.

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## COMMUNITY DEVELOPMENT AND THE ECONOMIC BASE

by Arnold A. Paulsen<sup>1</sup>

Community development can be thought of as the purposeful use of the latent qualities of a geographical area through cooperative effort of the people of the area. People may desire to work together to develop their community in a number of ways. Examples are: (1) economically -- in income per person or total income, (2) in size, (3) socially -- new institutions, organizations and more and better person-to-person relationships, (4) physically -- better health, less accidents, more sports or improved fitness, (5) esthetically and culturally -- more music, art, beauty in homes, parks, landscape and city planning or (6) intellectually -- enriched school programs, adult education, more reading and discussion.

These alternative ends will not appear equally important to all people living in the area. The attainment of one end may aid the reaching of another. But on the other hand the pursuit of one end may use up energy and funds which could have been employed in attaining another. There is no way to say scientifically which ends should dominate. This is a matter of individual preference. However, the community residents must make choices; they can not move in every direction as fast as they might want to.

Group action is important in community development. True, most of the wants of people belonging to a community are attained by individual action, effort, and decision making. However, some ends can be obtained only by group action and planning. These additional ends are the payoff of community development.

However rural communities probably need help from sociologists to function as groups. Effective community development requires vigorous effort by voluntary participants. It requires study, decision and action. It frequently requires working with other towns or people that may have been considered adversaries before.

Like individuals, communities are also limited in their development possibilities, no matter which ends they pursue. Individuals acting as a group do not have more total energy, talent, numbers or money after they embark on a community development project than before. They can bring forth latent qualities, and these may be considerable. But creation from within the group of new talent, energy or economic potential not already latently present is very limited.

### The Role of the Land-Grant University

Land-grant universities have several obligations in community development. These are to (1) inform group members as to what they can expect as a result of

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various types of groups efforts, (2) consult with them as to how to establish and clarify the preferences of the group among community development ends and projects to achieve the desired ends and (3) provide information and counsel but not to direct, because the community selects and carries out the best ways of attaining the most satisfying combination of ends.

Work by the land-grant universities in community development would seem to be divided into three phases. The first period would involve intermittent, low intensity contacts, letters and personal visits. For example -- between university specialists and the relatively few persons interested in community development. A few leaders would gain understanding of the reasons for the present community situation, learn to understand the functioning of the community economically, and as a social system, find out about the general development possibilities for the community and appreciate the potential of group action in accomplishing some aspects of community development. The first phase would end when interest had become quite general and some definite investigations of development possibilities were being considered.

The second phase would involve rather intensive direct consultation with several different subject matter specialists. Group preferences would be established. Project possibilities would be investigated for feasibility, costs and value to the people. Broad and also specific choices would have to be made by the group. The specialists would be consultants and resource people in the decision making. Project possibilities would be listed, and a plan of operation would be formulated.

The third phase would involve execution of the plan and also replanning as preferences and possibilities changed. In this stage the specialists would visit periodically but less frequently to see how things were going, to help identify execution problems and to stand by to help if needed in replanning. It is possible that a community would move persistently to new problems or major replanning and thus demand help over a long period.

Communities serve a purpose to the economy and the nation. As the community performs its economic tasks, its members receive their income for their part in the community's economy. This income permits people to reach their individual goals. As the overall national economy changes the functions desired from communities change. This means employment changes in type and volume. Let us take a look at the economic functions of rural communities, how these are changing and the kinds of adjustments needed in community economic organization.

### The Economic Base of Communities

Why do population centers like towns and cities exist? They don't happen just because someone capriciously wanted them there. There are elaborate plans for beautiful cities with streets, parks and water systems laid out on paper which were never built. There are also towns and cities in ugly and unhealthful places

which were never planned but grew like Topsy because there was a need for them. "Cities do not grow up by themselves; countrysides set them up to do tasks that must be performed in central places."<sup>2</sup> No city lives entirely to itself -- it serves other areas which can be said to constitute the city's "market region."

The rural town performs the services of collecting and shipping farm products off to processing plants. It is called into existence also to serve the surrounding countryside, for farmers need a central place from which to buy production inputs and consumer goods, obtain education, attend social affairs and go to church. The rural areas and the rural towns do not exist because they are beautiful and pleasant to live in or because they are efficient. Rather they exist because they are needed to perform services. As they perform services they are in turn sustained and provided for by the countryside and the distant consuming population centers.

A rural town is truly a trading center. It is needed as a central place for the collection and shipping of agricultural products and the dispensing of goods and services to farmers. A strictly rural town without any industry, without any college or government agency is a trading center servicing the flow into and out of the rural areas.

Towns are not self-sufficient -- neither are rural areas. In the largest sense the entire town-farm community complex is called into existence by distant food consuming population centers. It is highly dependent on trade with the outside. People in the area do not produce everything they need for their level of living. They are highly developed specialists who produce a few items and depend upon trading these to get the other goods which they need such as education for their children, furniture for their homes, coffee, sugar, automobiles and money to go on a vacation or pay the minister.

Agricultural regions produce some items in a volume many times beyond their own needs. They produce none of the other items. Liking them to nations, they produce for export.<sup>3</sup> Rural America, more than any other part of the country, should understand the function of free trade. Theirs is almost completely an import and export economy. Rural areas are specialists in producing the things that they can produce best. They produce corn and pigs and trade them for plows, stoves and gasoline. In general they would have to accept a lower standard of living if they traded less with the outside world.

#### Basic and Service Components of the Local Economy

There are two categories of activities which offer employment to people in a rural area or in an area like Chicago, Des Moines or Ames. People may find work either by engaging in occupations (1) where they are performing services

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<sup>2</sup>/Mark Jefferson, *Geographical Review*, Vol. 21, 1931, p. 453.

<sup>3</sup>/"Oskaloosa vs the United States," *Fortune*: April 1938.



desired by people outside the community or (2) where they are needed within the community. They may be said to be either working for the rest of the country or working for themselves. We might call the first "basic" and the second "service" components of the community's economy. Basic occupations do not depend on the existence of other types of production. Basic occupations are the reason the population center exists. Basic occupations in the community are the foundation of the community economy. For example, rural America's basic function is providing food and fiber for consumers outside the boundary of the community.

On the other hand the service functions provide goods and services to be consumed locally. Service occupations look out for the welfare of people in the community -- such things as government, schools, churches, haircuts, laundry, dry cleaning, auto repair and many others. However, the kind and volume of basic employment dictates the pattern of service employment and to some extent its volume and hence the total size of the rural community.

A breakdown of community economic activity into basic and service components puts employment in farm production and university education in the same category. Both are basic components of the local economy because service is performed for distant consumers. The animal disease laboratory at Ames provides knowledge which is a "good" desired and paid for outside the community. In this sense it is basic or supporting to the size and structure of the economy of Ames just as coal mining operations are to towns in West Virginia. Basic activities provide employment and generate the need for service activities in the community. Additions to the basic component will call for additional employment in the service occupations. A decrease in the basic economic activities of a community calls for some downward adjustment in the volume of service activities. The closing of coal mines or the retirement of land reduces basic activities and will be followed by lower volume and incomes in service businesses and probably an ultimate reduction in number of them. This is the "multiplier effect" of changes in basic activities.

Basic activities need not be thought of as being more important or desirable. The workers in basic occupations are not self-sufficient individuals. They may not be leaders, financially well off, or in control of the community intellectually, culturally or socially. The local service occupations must provide them with many types of goods and services. The workers in basic industries are dependent on the service workers. Any local community, however, receives its power to purchase from distant industry through producing for export and not by producing for local consumption. In short, towns people can't earn outside purchasing power by doing each other's laundry.

Perhaps it would help to see the role of basic industries by recalling the situation of British or German cities which were bombed and virtually completely destroyed during World War II. Planners came to help rebuild these cities. The basic industries were rebuilt first. The reconstruction of these put the overall

economy back in business. Service industries grew later of themselves. In Des Moines, the life insurance, state government and rubber tire industry are examples of basic industry which would have first priority in being rebuilt if we had an atomic attack. Any city which depends for survival on imports would probably first want to restore its earning capacity and just a little later rebuild the things which provide for comfort and welfare. A farmer wiped out by fire might best use a small fire damage check to provide machines, livestock and barns and live in a tent. To use it all for a house to live in and provide no way to earn a living would restore "the service sector."

Basic industries are the things that bring purchasing power in from the outside. What a community can sell to the outside determines how much money the outside will send to it. In a small community the amount of money received from the outside determines roughly how much money is available for employing people locally or for importing goods from outside.

It is quickly apparent that a town could easily grow in number of people, total income and maybe income per capita if it could obtain a new factory which would produce for distant consumers. This would bring more basic employment to town and more need for service employment. This is so simple, obvious and pleasant that great sums of money have already been spent on it by hundreds of communities. Unfortunately the factories that can be secured are limited in number. Does this mean that community development is a futile effort except for those who secure a factory? Not at all!

Improvement of the community as a place to live can take place without expanding the volume of basic employment. First, community development does not only mean increasing population or total volume of business in the town. Some are interested in population and volume, but there are other dimensions to community development. The town may develop socially, culturally, intellectually or even in income per person without changing the size of its economic base. In fact for many communities it is not a matter of how to expand the base or even how to maintain the economic base but rather how to live effectively and well on the economic base available, which may be declining. This is a grim prospect for communities. To accept this and find the ways to make the most of opportunities available probably will require considerable group study, decision, planning and effort. It is not impossible that income per person and the attractiveness of a community could improve while the economic base declined and no factories were obtained. But it would take decisive planning and bold sweeping reorganization.

Let us look at the factors which are changing the type, volume, and location of basic employment in Iowa's rural areas. The reshaping of this basic economic activity in rural communities is rocking the service sector and the entire social and cultural structure of many communities. As the foundation of the community economy undergoes change the entire super-structure of the community as a social organism is under stress.

### External Forces Affecting the Economic Structure of Rural Communities

In addition to many other things a community or town is an economic organization. The way in which it is organized economically is a result of past and present conditions. The two main forces affecting an area's economic organization are technology and market demand or preferences. The economic organization of Iowa towns is constantly changing. They need to change. Pressures for change are often viewed as difficulties.

What changes are presently causing the difficulty? New and changing agricultural technology calls for a different pattern of purchases from towns. More fertilizer and chemicals are needed. Machinery parts and repairs are more complicated. Farm machinery dealers are called upon to stock an increasing number and variety of parts. Repair requires specialized equipment and different skills than in the past. To provide the array of specialized services desired requires expensive inventories, specialized machines for repair and a variety of skilled mechanics. A large volume of business is required to provide the kind of services the market demands and provide them at a low cost. Since the acres per farm and per machine are also rising with new technology, the volume needed for a profitable and full scale implement business may involve a vastly greater trade area now than a decade ago.

New technology calls for larger farms. As consolidation takes place and the number of farm workers decline, fewer persons are needed to service the needs of farmers as consumers. For example fewer persons are required to operate schools, churches, grocery stores, barber shops, movie theaters, and clothing stores.

The decline in farm prices decreases the purchasing power of agricultural products shipped out of rural areas. This decreased purchasing power reduces the economic base of the rural area -- that is, the size of its basic industry. In turn workers in agricultural occupations must decrease their purchases from local service occupations and reduce their purchases of inputs from outside industry.

On the positive side, improved technology increases the total volume of agriculture output. (In fact, as everyone is painfully aware, it has increased output so rapidly that prices have dropped and surpluses piled up.) This increased volume, of course, calls for more services from grain elevators, hog buyers, truckers and others involved with handling the volume of output. Agriculture is a growing industry in volume of output and value of purchased inputs even though prices and number of farmers are declining.

Changes in inputs, number of farmers and volume of output are reflected as changes in market needs served by the town. The organization of firms producing these services and the overall economic organization of the community are influenced by these external forces, i. e., advance in agricultural technology and the changes in prices of farm products, that is, in the demand or market preferences.



Main street is responding to external forces, some of which are coming from agriculture. The services a town offers, its size, the combination of resources it employs (buildings, people and capital) and the kinds of business firms and their ways of producing services are all being altered from the way they were last year or last decade to the way the people making decisions would like them now. Desired or planned economic organization of a farm or a town is the result of what can be done technically and the preferences of product consumers. On a farm or in town a man tries to produce what the market wants. He can only use the production techniques he knows about. If the price of soybeans rises relative to corn, (the preference for soybeans increases) a farmer probably will try to reorganize to produce more soybeans. Similarly businessmen reorganize to meet shifting demands. If a farmer learns of a cheaper way of producing soybeans, he probably will change the organization of his farm even if the price of soybeans does not change. Businessmen in town also change their businesses as new technology becomes available and as there are changes in preferences of the market.

Business and total employment tend to be decreased by a reduction in the total value of agricultural output. Total main street employment is also decreased by advances in the technology available in towns. Urban technology has changed substantially. Most firms now have labor saving machines in the form of power tools, testing devices, power loaders, large trucks and so on. With volume, mechanization lowers the cost of providing services. Thus it tends to raise the level of living in the community. The supermarket is an example of new technology in the form of a new business structure. It can sell groceries with a lower percentage markup but it requires volume for efficient operation. Thus corner grocery stores and similarly other urban firms of small size and high cost can not compete with larger, more mechanized or lower cost firms. Technology has made large scale firms able to offer better service, with less labor and at a lower price. Substituting capital for labor in providing service has the effect of reducing the number of people needed in a town to take care of a given volume of business. Thus agricultural technology and urban technology both change -- and usually reduce the basic employment of small communities.

The location among towns, a basic or service activity, is influenced by several changes in technology. To provide services to residents and meet their demands from the community for consumptive service, transportation technology has widened trade areas, unlocked captive markets and facilitated the flow of goods to local consumers over long distances. Urban firms using the best technology and offering good service at low cost now can pull customers from longer distances. In the short run high cost local firms may lower prices to hold nearby customers. Eventually, however, some high cost firms go out of business because of low volume and prices below cost.

Technology used by towns in providing municipal services has also been improved with rising labor and material prices. The costs of operating light plants,

fire departments and sewer systems are higher or the quality of service is lower in communities which do not or can not change technology.

Changing and expanding demands by town dwellers for municipal services and the inability of each small town to provide all of such services at low cost may cause people to relocate their residence. Some will move to the services -- others will move away from high taxes. In general, better transportation, economies of size in urban firms and the preference of people to be near a community offering the most services has caused the larger towns to get larger and the smaller ones to get smaller. Several Iowa counties with population losses of 20 percent from 1950 to 1960 have one stable community -- the largest town. Obviously the decline in population in the rest of the county is even higher than the overall county decline. A movement of business and residences toward the larger center accelerates the decline in small communities.

The forces causing change, uneasiness and the feeling of being off balance in rural towns are large and powerful. They are mostly outside the control of the community. As with the changing family farm, communities will never, with modern knowledge, be the same as they were 40 years ago. Very probably if they are able to absorb and adjust to modern conditions they will be much more attractive and satisfying places to live in than their counterparts of 40 years ago. Adjustment and change do take time, however. Both farmers and rural towns object to the rate at which they are forced to adjust to modern technology. Both need to understand the forces that are at work. They need the aid and advice of land-grant college education and research.

From the viewpoint of a local chamber of commerce trying to pull itself up by its bootstraps the situation must look pretty bleak. The possibility of expanding the basic employment is limited. The existing economic base is shrinking. The people desire more services than before. These could be supplied but only at costs higher than the prices charged by large scale firms or communities. The task of finding patterns of activity (for communities) that are capable of leading to improvement is not simple.

### Consulting With Communities on Development

Communities may suggest a range of projects for development. But where they think of only one possibility and this becomes unattainable specialists may need to suggest another. Specialists will need to be capable of evaluating many alternatives. It is not possible to go into much detail here. There are, however, four categories of activities that suggest themselves. These are (1) expanding the community horizontally, (2) expanding basic employment, (3) expanding the service component of the economy and (4) expanding by improving the efficiency (reducing the cost of locally produced goods and services.)

Expanding horizontally by working with other towns is an alternative that is available to all communities. The town is no larger and the people are no more wealthy. Thus it may seem that little gain could be made in this way. However, the potential gain is probably substantial.

The model of a rural area used by Fox of "an exploded Chicago" is of some help in seeing the latent possibilities. If a rural area can be likened to a city that covers 12 counties rather than one-half a county, the situation looks much brighter for community development. Every town in southern Iowa may not be able to have all facilities of Cedar Rapids. However, if the population of a several-county area is about the same and the total economic base and per capita income are about the same as Cedar Rapids, it should have about the same potential. Somewhere within the area it should be possible to develop similar institutions and facilities. If communities work together they should be able to look forward to a level of development approaching that of a city of similar size.

The economic base or the resources in terms of people, talent, energy and funds to support a development project can be expanded by working cooperatively among communities. When the volume is large the greater services desired today as compared to 20 years ago are not so expensive to provide on a per unit basis with modern technology. More specialized medical facilities, enriched school programs, more electricity at lower cost, additional recreation facilities, music, art, sports or more complete banking services can be obtained through expanding the economic base by adding territory. If each small town tries for its own program in all areas all towns are doomed to failure.

How about the possibility of expanding the basic component of the community or area economy? This avenue is not totally without promise. Farm programs which raise the value of the agricultural products shipped out of an area expand the basic component. Farm programs which curtail output in other regions but raise the price locally are obviously of most value. However, any program which raises the total value of output -- even if it cuts volume -- will increase the amount of "foreign exchange" a community can use to import goods or employ people locally.

Although in aggregate farm output is in surplus and more output reduces the value of the crop without price supports, expanded local output does not work this way. Increased local efficiency of agricultural resources will raise output and the total economic base for that local area.

Some communities have secured factories to provide basic employment. This alternative has been discussed by Leven<sup>4</sup> and Bloom<sup>5</sup> at previous seminars.

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<sup>4</sup>/Charles Leven "A View of Potentials and Policy for Development of Non-Farm Opportunities in Southern Iowa," Seminar on Adjustment in Southern Iowa. CAEA Report 4.

<sup>5</sup>/Clark Bloom "Non-Agricultural Industries and Businesses in Southern Iowa," Seminar on Adjustment in Southern Iowa. CAEA Report 4.



Industries can be classified as supply-based, demand-based and footloose industries. Some of them need to locate near the source of heavy and bulky inputs. Others must locate near consumers or purchases. Iowa has little chance for demand-based industries except some producing agricultural inputs or items for the relatively small Iowa population. Of the supply-based industries rural areas have the best chance to secure those processing agriculturally produced raw materials.

The footloose industries are the "cake and frosting" factories sought so ardently by many communities. They require few raw materials except labor and the products are not expensive to ship to consumers. The number of these is limited. The techniques that are most likely to be successful in securing "a factory for our town" are probably those which would make the town a place where the factory could be highly successful. Some elements of success are within the control of the town; many are not, unfortunately. One of the tasks of community development specialists is to estimate the probable consequences of various community efforts to make the community attractive to industry. Also community development must help identify the types of industry that would be successful if located locally.

How about expanding the service component of a community economy? If we accept the volume of earnings in basic employment as fixed, then total employment might still be expanded by producing locally rather than importing some goods or services. For example a community might be large enough to support a dry cleaning plant but have no such plant. An additional six or eight employees might be hired by encouraging the establishment of one.

However, this sometimes becomes an "O-sum" game in which our winnings are your losses. If the local service is already adequate or surplus as one views the reasonable economic area the establishment of a new business locally merely increases competition and reduces earnings in the other similar business. It will, however, increase employment in the particular community if the business is successful. If the service is already supplied locally there is no gain.

A new business supplying a service not offered before, like bowling, might appear to be pure gain. The business may be well patronized and no other bowling alley may suffer. Perhaps even some people from another town can be induced to shop in this town as a result. However, the money that was spent on bowling by local people may have merely not been spent on movies, clothes, cars and so on. If the extra spending by non-local people does not make up for the decreased spending for non-bowling items by local people the other stores in town will be worse off after the new business. The same might be said for the establishment of a beauty parlor in a town where the women formerly all did each other's hair. The situation is similar when the town acquires a psychiatrist, a child welfare office, a radio station, a square dance club and so on. Of course total business is not expanded unless savings are reduced, but people may be happier with the new mix of services and so development may have occurred.

How about improving the efficiency of local institutions? Some gains, perhaps considerable, can be made in community development by reducing the cost of providing services locally. If the costs in grocery stores, mechanical repair shops and the local newspaper, for example, could be reduced, then money formerly used for these items could be used to patronize a new bowling alley or square dance club. For example, perhaps two communities could be induced to agree to close four of their five grocery stores, establish a supermarket, consolidate their two co-op creameries and open a mental health clinic serving all persons of the larger area. Services would be expanded as well as altered in the mix without enlarging the economic base. Clearly development has occurred.

### Summary

Regardless of the ends chosen, the principal "bread and butter" activities of community development specialists are (1) the encouragement and guidance of activities contributing to community goals which are feasible for the economic and population base of the town or area; (2) the discouragement of new activities which can not be supported, will not produce desired results or are already adequately supplied in the area; (3) the consolidation and improvement of existing efforts.

Through this process the overexpanded efforts which are returning little can be contracted. Additional overexpansion and wasted effort can be prevented. Latent opportunities can be brought forth. Personal satisfaction can be enhanced. This is community development.



## THE CONCEPT OF COMMUNITY DEVELOPMENT

by Karl A. Fox<sup>1</sup>

### I. Introduction

Community development means different things to different people. It can involve the construction or rearrangement of physical facilities -- sewer systems, roads, and bridges. Community development may include expansion of the economic base through locating new manufacturing plants or other sources of employment in the community. Community development may involve organizing people and groups for social or political action to improve various aspects of living, both economic and non-economic.

This chapter reflects my own preoccupation with the economic aspects of community development. The other aspects may be equally important, but I am not particularly qualified to discuss them.

### II. The Economic "Contents" of a Community

For the present, at least, I prefer not to try to define a "community." Let me simply start by considering a geographical area -- for concreteness, an area no larger than an Iowa county -- and taking an inventory of the sorts of things we find in it that are of interest to people.

First, the area contains a set of households. Each household occupies a dwelling unit. Its members are all engaged in the process of consuming goods and services, and some are also engaged in economic activities in connection with another sort of unit which we shall call a "firm."

Second, the area contains a set of firms. I shall use these words much more broadly than is customary. Thus schools, churches, police stations, doctor's offices, law offices and farms will all be included in the list in addition to private nonfarm businesses run for profit. In brief, anything that is not a household is a "firm" for our present purposes.

A firm uses or combines factors of production (labor, capital, land and management) in order to produce goods or services having value. We do not pretend here to set a price on hymns and sermons, or on the warmth of a friendly handclasp in a social club. But private nonprofit organizations do use resources and their members or sponsors do spend part of their incomes for the services they provide. Schools require expensive masonry and a staff of teachers. They are definitely a part of the economic as well as the cultural life of the area.

Third, the area contains a set of economic relationships. These link together households (in their dual capacities as consumers and producers) and firms. The firms are also linked economically with one another in various ways.

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<sup>1</sup>/Head, Department of Economics and Sociology, Iowa State University.

These economic relationships can be summarized in terms of "area income and product accounts." And these accounts portray for the area the same sorts of spending and saving relationships and flows of income from firms to owners of factors of production that are included in the well-known national income accounts for the United States as a whole.

A more detailed and intricate description of these economic relationships can be given by an input-output table of the type pioneered by W. W. Leontief some 30 years ago. An input-output table mainly reflects the flows of goods and services between firms. It reflects the flow of chemical fertilizers, gasoline, diesel fuel and the like from farm supply firms in the area to farmers; the flow of farm products from farms to grain elevators, processing plants or shipping points in the area; and the flow of some portion of the processed food products into retail stores and thence to households in the area. As goods flow from one firm to another, money flows in the other direction. Hence, both the technological and the financial interrelationships of households and firms in an area can be shown by means of an input-output table.

It would be possible to describe the economic relationships in terms of the production possibilities of each firm in the area. This would require as precise an inventory of the facilities and resources of every "firm" in the area as would normally be made by a private business for the guidance of its own management.

Fourth, the area contains a set of social relationships between people and groups partly independent of the economic relationships just described.

Fifth, the area contains a set of political institutions -- that is, agencies exercising some sort of public authority. School districts, drainage districts and other special purpose districts might be wholly or partly included in the area. Other political institutions and establishments, such as the county courthouse, might or might not happen to fall within the particular area we are considering.

Sixth, the area contains physical or natural resources in the broadest sense. In most Iowa counties, the households, firms and institutions rest ultimately upon soil and climate -- the agricultural base.<sup>2</sup>

In taking this inventory of the contents of an area, we should, of course, note that economic linkages also extend from the area to households and firms in other areas. So do linkages and communications with social and political institutions in other areas.

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<sup>2/</sup> But note that soil and climate play a broadly permissive role with respect to the kinds of establishments and institutions human beings develop -- not a narrowly determining one. Indian hoe culture, subsistence farming and large-scale mechanized farming would be equally compatible with a given soil and climate combination.

The above inventory simply describes the contents of an area. To explain why the relationships are as they are and to provide some basis for predicting how these relationships might change as the result of community development activities, we must consider the motives or goals of the households and firms in the area. For the moment, let us simply say that each household and firm may be regarded as trying to achieve certain goals in the face of legal, economic and other limitations. Some may be bending every effort to achieve a maximum degree of goal attainment, while others may be content to just "get by."

### III. The Nature of Goals

The goal of a household may be thought of as the achievement of maximum satisfaction from the use of any specified level of income. To the extent that the members of the household can choose to increase their income (by working longer hours) at the expense of reducing their leisure for social, cultural or other activities, we may say that each household tries to maximize its satisfactions on the basis of those natural or acquired endowments of its members that can be used to earn income and command goods and services.

Each business firm or farm may be assumed to have the goal of maximizing its profits within the limits of its initial resources, the demand for its outputs and the relative price of inputs. Small firms selling on a national market have no control over the prices of outputs and inputs. But a retailer, buying his goods at fixed prices and selling them in a small area, will typically face a downward sloping demand curve for his wares -- to increase his volume of sales he must reduce his prices.

The various public enterprises may also be regarded as trying to maximize something. Downs has suggested that the party in power in an area may attempt to maximize votes by allocating public funds in such a way that the votes gained by the last \$1,000 of public expenditure on each particular object (schools, garbage disposal, streets, fire protection, and the like) just equals the number of votes lost by the means (principally taxes) used to finance the expenditures.<sup>3</sup> Although this may sound cynical, the results may not be bad if citizens are alert and well informed.

A more idealistic view -- but also a more paternalistic one -- is that public enterprises try to maximize service to the residents of the area. This implies that public officials in power try to maximize, from given resources, the output of services which the officials believe the people want or which are "good for the community."

Finally, private nonprofit "firms" in an area may be regarded as trying to maximize net benefits rendered to their members; this would be attained if the services provided by the last \$100 of "inputs" were worth precisely \$100 to the

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<sup>3</sup>/Anthony Downs, An Economic Theory of Democracy, Harper & Brothers, New York, 1957.

supporting members. That is, after enjoying the services, the members should feel that they have made a wise choice by allocating \$100 to the nonprofit organizations rather than spending that amount on additional goods and services for personal consumption.

In the real world, ignorance, uncertainty, apathy and "capital rationing" cause many households and firms to deviate materially from maximizing behavior. But we must take such behavior into consideration in knowing what changes associated with community development activities actually represent improvements.<sup>4</sup>

#### IV. Interrelationships Between Goals

So far, we have assumed that each household and firm is trying to maximize attainment of its own goals without regard for or interference from the activities of other units. Actually, the activities of one unit may affect the success of other units in a number of ways.

For example, the goals of different firms in the same industry may be competitive in the sense that each firm tries to increase its efficiency, producing larger amounts of product with given resources or given amounts of product with fewer resources. If competition is atomistic -- that is, if there are many relatively small input suppliers and many relatively small producers so that the action of a single supplier or single producer has no perceptible influence on the market, the goal-maximizing behavior of all tends to accelerate economic growth and the welfare of consumers generally. Competition may be impersonal, as when two neighboring farmers are selling a standard commodity on a national market. The quantity sold by each farmer has no perceptible influence on the national price level and hence has no adverse influence on the price received by his neighbor.

However, competition may also be highly personal, as in the case of two supermarkets competing for the patronage of a fixed number of customers in a small town. In this situation it is perfectly clear that the goal-maximizing efforts of each supermarket affect the sales made and profits obtained by the other.

The goals of individual households may be influenced by the purchases of their neighbors. For example, a family earning \$4,000 a year might feel "better off" living in a community where the average income was \$3,000 than in a community where the average income was \$5,000. However, the direction of this effect cannot always be anticipated. Depending upon the family's goals, its members might decide that they were better off in the high income community because of better schools and other public services.

Sometimes different goals of the same household or the same firm may be conflicting. Theoretically, goal conflicts within a household or firm can be identified and eliminated. In a household, conflicting goals subtract from the level

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<sup>4/</sup> If conscious planning is done at all -- by housewives, businessmen or government officials -- it is hard to find a reason for not making the best choices permitted by our available information.



of utility otherwise attainable; in a firm, conflicting goals lead to less than maximum profits. In public enterprises, conflicting goals reduce the level of public service or satisfaction resulting from the expenditure of given funds.<sup>5</sup>

There are also many cases in which the goals of different maximizing units are complementary. For example, all of the retail business establishments in a small town would likely gain from an increase of 10 percent in the town's population. Most of these business establishments, if not all, would likely gain from the establishment in the town of a new firm which provides a line of goods or services not directly competitive with those of any previously existing firm. The new firm would widen the "product line" offered by the town as a shopping center and tend to attract additional out-of-town customers, who would then also patronize some of the other firms. Similarly, most households in an area would gain if a consolidation of school districts increased the quality of instruction and/or reduced costs.

Academic economists are traditionally timid about trying to change peoples' goals. Politicians, clergymen, labor leaders, lobbyists and advertising men are less reticent. The right to try to influence the goals of our fellow citizens through the written or spoken word is a precious feature of our democratic way of life. Freedom of speech, freedom of assembly and freedom of the press are designed to expedite a flow of facts and arguments which may lead to a rearrangement of the goals of other citizens.

The American people will be doing some extensive soul-searching and reformulating of goals during the 1960's. We cannot afford here to get too far away from our community development focus. But to illustrate the range of goals that may be of concern to us, let me briefly list the major headings in The Report of the President's Commission on National Goals, which was transmitted to the President of the United States on November 16, 1960.

The headings were as follows:

The individual, equality, the democratic process, education, the arts and sciences, the democratic economy, economic growth, technological change, agriculture, living conditions, and health and welfare. These sections deal with "goals at home." "Goals abroad" include helping to build an open and peaceful world, the defense of the free world, disarmament and the United Nations. This listing is too terse to give more than a hint of the goals expressed by the commission; the headings do indicate the wide range of areas of concern in which the commission feels that new goals and/or reaffirmations of traditional goals are needed.<sup>6</sup>

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5/ Philosophically we are on uncertain ground if we try to add up the satisfactions of different individuals. Thus economists often prefer to side-step this issue and ascribe the "welfare function" or "objective function" to be maximized by government actions to the mind of a single policy maker or official.

6/ Goals for Americans: Programs for Action in the Sixties (The report of the President's Commission on National Goals, Prentice Hall, Inc., 1960.

## V. The Theory of Economic Policy

We have described the economic and social contents of an arbitrarily designated area and said something about the goals of households and firms.

We shall now introduce a more tightly integrated framework for analyzing goal-directed behavior. The framework I shall use was developed by the Dutch economist Jan Tinbergen in a series of books published between 1952 and 1956.<sup>7</sup> Tinbergen was primarily concerned with the development of consistent economic policies at the national level -- in the first instance, for the Netherlands government. For several years Tinbergen was director of the Central Planning Bureau of the Netherlands, an agency roughly corresponding to our own Council of Economic Advisers.

Tinbergen's theory of economic policy was most clearly developed for the case of "short-run quantitative economic policy." However, his model also provides a conceptual starting point for discussing non-economic policies and long-run or qualitative economic policies.

I have tried to present Tinbergen's framework visually in Figure 1.

For concreteness, let us assume that we are looking at the U. S. economy from the standpoint (say) of a chairman of the Council of Economic Advisers, who acts as a technical economic adviser to the President.

First we must have an accurate knowledge of the workings of the economy. Certain economic variables will generally constitute the targets or goals of economic policy -- the level of employment, the price level, the level of real consumer income per capita, the distribution of income, the balance of payments, and perhaps others. Assume for the moment that values have been specified for each of the target variables for the coming year -- let us simply say they are targets that the President, presumably after much consultation and consideration of alternatives, would like to see the economy achieve.

The actual economic performance of the economy will depend upon two sorts of factors. First, there are a number of factors which are not controllable by the government of the United States. These would include economic and political developments in other countries; the number of persons in the U. S. labor force; the stock of factories, equipment and inventories on hand at the present moment; the total U.S. population; weather as it affects crop production, and perhaps others. As the policy maker cannot change these factors, the best he can hope to do is to forecast them for the year ahead. If we also know the net effect of a change in any one of the noncontrollable factors upon each of the target variables, we can forecast (with greater or less accuracy) the levels that each of the target variables will likely attain if there is no change in the present economic policies.

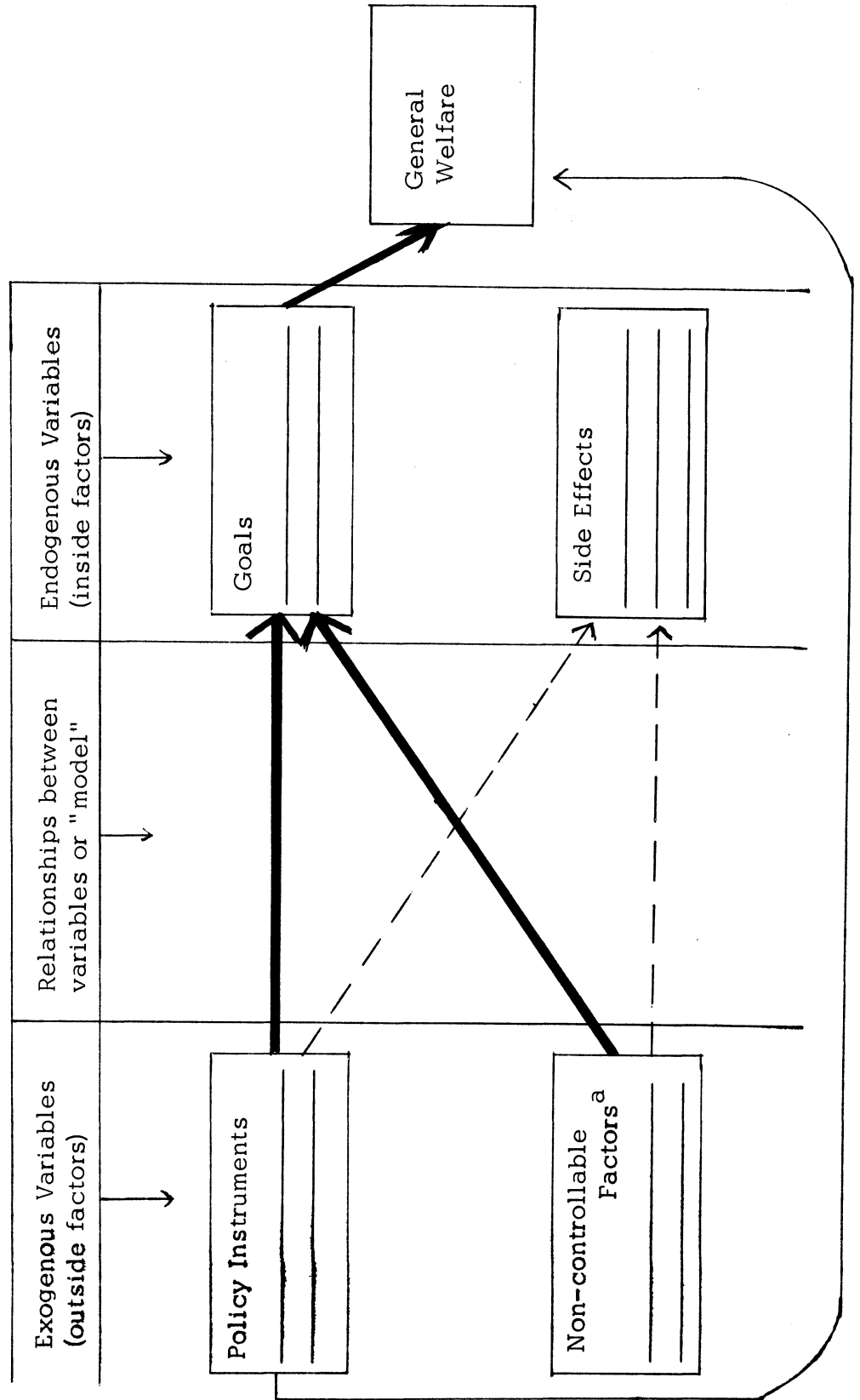
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7/ Jan Tinbergen, On the Theory of Economic Policy, North-Holland Publishing Co., 1952, 78 pp.

\_\_\_\_\_, Centralization and Decentralization in Economic Policy, North-Holland Publishing Co., 1954, 78 pp.

\_\_\_\_\_, Economic Policy: Principles and Design, North-Holland Publishing Co., 1956, 276 pp.

Figure 1  
Theory of Economic  
Policy



If we are lucky enough to find the various sectors of the economy moving in the right directions at the right speeds, we may achieve all of our goals without special effort. However, we have at our disposal an array of policy instruments which we can use to influence the target variables in the desired direction if it appears that the noncontrollable factors will not do the job for us. These instruments include all the actions legally permitted to the federal government and its agencies which will have some effect on the course of the economy. The federal government can, in principle, increase or reduce its rate of spending on various programs; it can increase or reduce taxes; the Board of Governors of the Federal Reserve System can alter reserve requirements and rediscount rates for its member banks. Special policies can be directed toward housing, toward state and local construction projects (through federal grants-in-aid), toward agriculture and toward other industries or sectors of the economy.

To use these instruments with confidence, we should know the net effect of a unit change in each instrument upon each of the goals or target variables. In addition, our use of the policy instruments will have some side-effects on other economic variables; however, we may decide that these side-effects are not sufficiently important for either good or ill to warrant special concern. The non-controllable factors also may produce side-effects.

The most difficult problem of all is to determine with sufficient accuracy the system of cause-and-effect or "structural" relationships connecting all of these variables. This system is called a "model" of the economy. Given an adequate model, the problem of short-run quantitative economic policy is to use policy instruments in such a way that the specified economic goals are achieved in spite of disturbances arising from the non-controllable factors. The dependence of the target variables upon the non-controllable factors and the policy instruments is reflected by the solid black arrows in Figure 1, connecting the policy instruments and the non-controllable factors with the goals.

The goals of economic policy are such that it is not a matter of life and death that they be hit exactly. For example, we might choose as one of our targets a level of unemployment of approximately 3.0 million workers.<sup>8</sup> However, if unemployment were larger than this, we would still prefer 3.5 million to 4.0 million and 4.0 million to 4.5 million unemployed. We might also prefer 2.5 million to 3.0 million. However, we might prefer 2.5 million to 1.5 million if the lower level of unemployment meant a very rapid rise in the general price level. Thus, we might prefer a 2.5 million level of unemployment and 1 percent per year rise in the price level to a 1.5 million level of unemployment and a 5 percent annual rate of increase in consumer prices.

Two or more economic goals may be competitive in the sense that we can gain more of one only by accepting less of another. In such a case we need some system of weights so we can say that certain combinations are better than others.

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<sup>8/</sup> It is generally estimated that about 2 million persons will be unemployed more or less voluntarily at any given time while looking for better jobs or better places to live.

Tinbergen throws the responsibility for assigning weights to the different economic goals not upon the economic adviser but upon the policy official -- in our example, the President. Any amount of discussion might, of course, take place between the President and others in the process of arriving (at least implicitly) at the relative importances of the different economic goals. Presumably a conservative president would assign different relative weights than would a liberal one. The set of targets might differ somewhat between presidents of the same political party. Also, one president might resolutely refrain from using certain policy instruments while another might assign them an important place.

The issue involved is reflected in the slender arrow running from the policy instrument to the "general welfare." The use of a certain instrument (for example, direct price and wage controls) might involve serious social costs. These costs (enforcement, rationing and annoyance of consumers) might more than outweigh, in the judgment of the policy maker, any efficacy they might have in reconciling a stable price level with high employment and rapid economic growth. Furthermore, certain policy instruments might be regarded as "neutral" if used within certain limits but as entailing significant social costs or disadvantages if carried outside of this range. For example, Federal Reserve Board rediscount rates between 2 percent and 5 percent might be regarded as acceptable while rates of 6 or 7 percent might not. Tinbergen refers to such limits on the range of a particular policy instrument as "boundary conditions."

Perhaps a little more should be said about the objective of the policy maker. We could consider that his object is maximize votes, with each line of action carried to the point where (in the policy maker's judgment) the votes gained by further action would be just offset by votes lost. Alternatively, we might assume that the policy maker adds up in a crude way the welfare of different groups of citizens to come up with what he thinks is "good for the country."

Both Downs and Tinbergen suggest that the policy maker may take into consideration some factors not considered at all by individual citizens and may give other factors different weights than would most private individuals. The policy maker has a more complete flow of information and he has assumed responsibilities for reconciling divergent goals. In a democratic political system it seems likely that the welfare objective of the policy maker will be quite similar to the objectives of the bulk of the citizens. Also, such factors as high real income, low unemployment, relatively stable price level, and the like not only please the citizen as a consumer but increase the likelihood that he will vote again for the party in power. So the "vote-fare" and the "welfare" goals may really not be very different. The "vote-fare" goal will, of course, include one major disturbing element, namely the strategies and pronouncements of the opposition party.

Apart from the disturbances last mentioned, the "vote-fare" goal may have some advantages over other goals. For example, movement toward non-economic goals and exercise of non-economic policy instruments could be appraised just as accurately in terms of votes gained and votes lost as could the use of economic instruments for economic goals. We might even argue that the policy maker need not

and perhaps cannot know the goals of the citizens -- he can only infer their goals from an analysis of the factors that seem to influence their votes. Implicitly, we might argue, the voting itself will assign appropriate weights to successful maintenance of high employment on the one hand and corruption on the part of minor officials on the other.

As a scientist I do not feel entirely happy with this last notion. I think we should also try to estimate by more direct means how representative citizens value the achievement of different goals. When a life insurance salesman goes to a PTA meeting instead of calling on prospects, he is implicitly comparing economic and non-economic goals. If people are continually making such comparisons, then research workers should be able to make some progress at estimating the relative importances of different goals to particular individuals.

Goal conflicts or inconsistencies between stated goals can arise in national economic policy. An important function of the economic adviser working with a conceptual framework like that of Figure 1 is to point out these inconsistencies to the policy maker. In this process the policy maker may somewhat revise the weights he assigns to different goals and change his attitudes toward the use of different policy instruments. Similarly, conflicts between the policies and Congressional directives of two agencies could also be demonstrated in this framework.

For example, a variable regarded as irrelevant by one agency might prove to be a target variable for another agency. Or one agency might influence what it considers an "irrelevant variable"; however, this might be a non-controllable factor from the standpoint of another agency, and the actions of the first agency might complicate the goal achievement activities of the second. These goal conflicts likely will be recognized by the chief of the second agency; however, some such conflicts may persist for 20 years or more without the Congress or the President (a) becoming sufficiently concerned to resolve the conflict or (b) deciding upon a method of conflict resolution that would not create worse conflicts with still other agencies.

Suppose we now apply Figure 1 to the policy problems of the governor of a state. In any given year, legislation and policies of the federal government would be non-controllable factors for the governor of a state. The array of policy instruments available to him under federal and state constitutions would differ from the array available to a president of the United States. Also, in assigning weights to the various policy targets subject to his influence, his responsibilities would run to the people of the state rather than to those of the entire nation. In general, side-effects upon residents of other states would be disregarded. To understand the structural relationships relevant to economic policy formation at the state level one would have to understand how the economy of the state operated. Needed would be facts about natural resources in the state, the initial capital stocks and labor supplies of the state at the beginning of a year or term and so on. The actions of public officials, private firms and individuals in other states would also tend to affect the levels of target variables attainable by (say)

the governor of Iowa. In brief, the governor of a state would have to take a much wider range of phenomena as given however, or uncontrollable (in his sphere of operation.) It is not clear in advance how the range of welfare levels attainable by action at the state level compares with the range of welfare levels attainable by action at the national level. Only the federal government can take direct action to prevent war and to promote an open and democratic world. If these activities are excluded from the comparison, it is clear that much power over the welfare or illfare of its citizens rests upon the government of a state.

Obviously, we can apply Figure 1 to the policy problems confronting a mayor, a city council, or a county board of supervisors. Here again, actions of the state government must be taken as non-controllable; the "model" or factual picture needed now relates to the economy (and social structure) of a town or county, and to actions of governments, consumers or businessmen in other towns and counties within the state which affect the ease or difficulty with which the local officials can achieve their goals. The array of policy instruments available at the local level will generally be more restricted than that available at either the state or national levels.

Perhaps more attention has been given to government policy making than is justified for present purposes. However, Figure 1 can readily be adapted to the policy problems of a business concern. It should also be adaptable to the decision-making problems of nonprofit institutions. The fact that we have not been accustomed to thinking of social, religious or other nonprofit institutions in such terms does not mean that we should reject the conceptual framework of Figure 1. We must try to set out our goals explicitly and to specify the system of cause-and-effect relationships that justifies confidence that we can attain them through the instruments we propose to use. Otherwise we cannot even be sure that our contributions to one voluntary organization are not cancelling out the effects of our contributions to another. Goal conflicts between voluntary or other organizations in a community might also be analyzed in terms of this framework. If the stated goals of the different groups appear to be the same or complementary, then information as to the facts of conflict in their current policies should help leaders and members to modify their actions to achieve the mutually desired objectives.

We still have not defined any particular geographical or political unit as the focus for community development activities. If the success of a particular action by one town does not depend significantly upon any actions that might be taken by neighboring towns, the action unit is a single town. Also, within any given governmental unit, if the goal of school improvement is not much affected by (and has little effect upon) certain other community betterment objectives, the policy model need include only those groups, goals and instruments having direct relevance to the school problem. Further observations on appropriate units of action for community development will be made in a later section.



## VI. The Economic Structure of an Agricultural Region

In this section I propose to use materials from several different sources in an attempt to visualize the nature of the economic base of particularly the more rural parts of Iowa.

A. Contrast between the actual economy and an optimal economy. There is nothing mysterious about the economic structure of an agricultural county. For example, a typical Iowa county contains 16 townships, or a total area of 576 square miles. It contains currently about 1,500 farms with annual sales of \$2,500 or more. Some 5,000 or 6,000 people reside on these farms. Another 3,000 or 4,000 people will gain their livelihoods from the local agribusinesses and another 4,000 or 5,000 will be supported by the consumer and public service sectors. Thus, a total population of 12,000 to 15,000 is about par for a 16-township county that contains no veterans' hospital, railroad division point or other major nonfarm source of employment. There are also quite a number of 12-township counties with areas of 432 square miles and with populations of 10,000 or less. Wherever larger size of operation means more economical service, these 12-township counties operate under greater handicaps than those with larger areas.

As in many other states, the county boundaries in Iowa were established more than a century ago, with areas based on the preconceptions of a horse and wagon society. Prior to actual settlement, the land was laid out in townships and sections, and the quarter section (160 acres) was the typical farm size. County seat towns were located near the centers of the counties so that any resident of the county could journey to the county seat, transact his business and return home within the same day.

A dense network of railroads was established, mostly between 1865 and 1885. These railroads confirmed and stabilized the locations of many of the county seat towns, and many new towns sprang up along the railroads. The pattern of land survey and identification led in almost every county to a nearly complete grid of "section roads" spaced one mile apart. With the coming of the "better roads" movement, the development of the primary road system further confirmed the locations of towns of more than 1,000 population. Most of these towns were already located on railroads, as noted above. Since 1885, few farms in Iowa have been more than 6 or 8 miles from a railroad, a grain elevator and a town.

This basic pattern was duplicated in a number of other states. By 1890, the Iowa county was, in effect, laid aside as finished -- the highways and railroads had been laid down for all time, the courthouse locations had been irrevocably fixed, and the towns and villages had been permanently soldered to the points of intersection of railroads and highways.

Well before 1900 the sizes of banks, grocery stores, clothing stores, creameries, schools and churches were determined, again on the basis of travel by wagon over muddy roads. Farm families did a large part of their shopping in villages of less than 1,000 people, and the four corners of the county felt little competition with one another or with the county seat.

This tight little pattern was all right for the 1890's. But much of it is wrong for the 1960's. To see why it is wrong and how it is wrong, consider the following conceptual experiment: Assume that Iowa is still virgin territory, just lately cleared of buffaloes and wild Indians and opened for settlement -- but assume in all the surrounding states precisely the patterns of population and technology that exist in 1961. Suppose now that we were to design political and administrative units, transportation systems, farm sizes, town sites, school buildings, supermarkets, and all other aspects of economic and social life to take advantage of the greater range and mobility of the automobile age, farm mechanization and modern mechanizing facilities. Given this new chance, I believe we would build something a great deal different from the existing pattern. Why shouldn't rural roads be two miles apart in one direction and two miles or even more apart in the other? Why shouldn't farms be laid out with varying widths but a mile in depth, with typical sizes (under Corn Belt conditions) of 240 to 320 acres with some plans for further growth?

The network of railroads and primary highways would certainly be coarser than at present. Towns would be fewer and farther apart. Possibly no towns smaller than 1,000 population would be planned for, to be supplemented by a few crossroads filling stations and other convenience enterprises.

The strong pressures of a competitive economy are constantly tending to propel the actual economy in the direction of the better or even optimal economy that we would build today if we could do it over. In the rural counties, the most basic of these forces is farm enlargement and the continuing trend toward more capital and less labor employed in farming.

B. Factors making for change in the rural economy. The basic economic and social problem of rural America is extremely simple: An economic and political pattern laid out on a scale appropriate for "economic midgets" (small farms and small businesses) must be adapted to the living, shopping, cultural and public service requirements of normal-sized farms, businesses and institutions of the 19th century and is no longer suitable for a nation of economic giants. Whichever way we regard it, the fact remains that an economy geared to wagon traffic at five miles an hour must now be adjusted to the needs of consumers, citizens and businessmen who are accustomed to moving ten times as fast. If time taken for citizens to travel to the county seat were the only criterion, the basic administrative and economic area today could very well include a large number of existing counties.

However, this is not the only criterion. Each kind of business and public service has its own pattern of size economies. Also, economies of size in the internal operations of (for example) a county courthouse should be considered simultaneously with the "social costs" of the citizens who must come to it. I am not convinced that much business has to be transacted in person at the county courthouse rather than by mail and telephone. But the case is clear-cut for the elementary school: The comfort and safety of the children in transit must be considered along with economies of size in operating the school itself.

The emerging rural economy, then, is simply laid out on a larger scale than the old one, with fewer and larger central cities, fewer major consumer shopping centers and fewer business functions remaining to villages of a few hundred people. These villages can continue to exist for a long time as essentially residential neighborhoods and/or "dormitories" for the larger towns five, ten, or fifteen miles away and for retired farm couples. After all, the consumer and public service sectors of a prosperous rural area containing 50,000 people are not essentially different from the corresponding sectors of a town of the same population. The largest town in the rural area may contain its central business district; the towns of 2,000 or 3,000 people may contain the equivalents of suburban shopping centers; and the villages of less than 1,000 people may contain a few convenience enterprises comparable with the corner grocery store or the neighborhood drugstore and soda fountain. And there is no basic reason why the sense of community and civic pride in such a rural area could not become as strong as those of a town of corresponding population.

In Iowa, towns of 5,000 population or less are primarily retail trade and service centers. There are relatively few manufacturing enterprises in towns of this size.

Nowadays the supermarket is the basic unit of the consumer goods retailing sector. In an Indiana city of about 50,000 population studies by Bob R. Holdren, grocery and "other food" stores as of 1954 accounted for 39 percent of all retail sales.<sup>9</sup> General merchandize stores accounted for 17 percent of all retail sales; apparel and accessories stores, 14 percent; appliance and furniture stores, 10 percent; farm equipment and hardware stores, 3 percent; drug and proprietary stores, 7 percent; and other retail stores, 10 percent. Between 1948 and 1954, the grocery stores gained considerably relative to the general merchandise group, while the percentages of total sales obtained by other classes of stores remained about constant. As we all know, many supermarkets have widened their product lines far beyond the food field. But even without this intrusion into nonfood commodity lines, the modern supermarket is the basic unit in new suburban shopping centers and is tending to become the basic unit in many small towns as well.

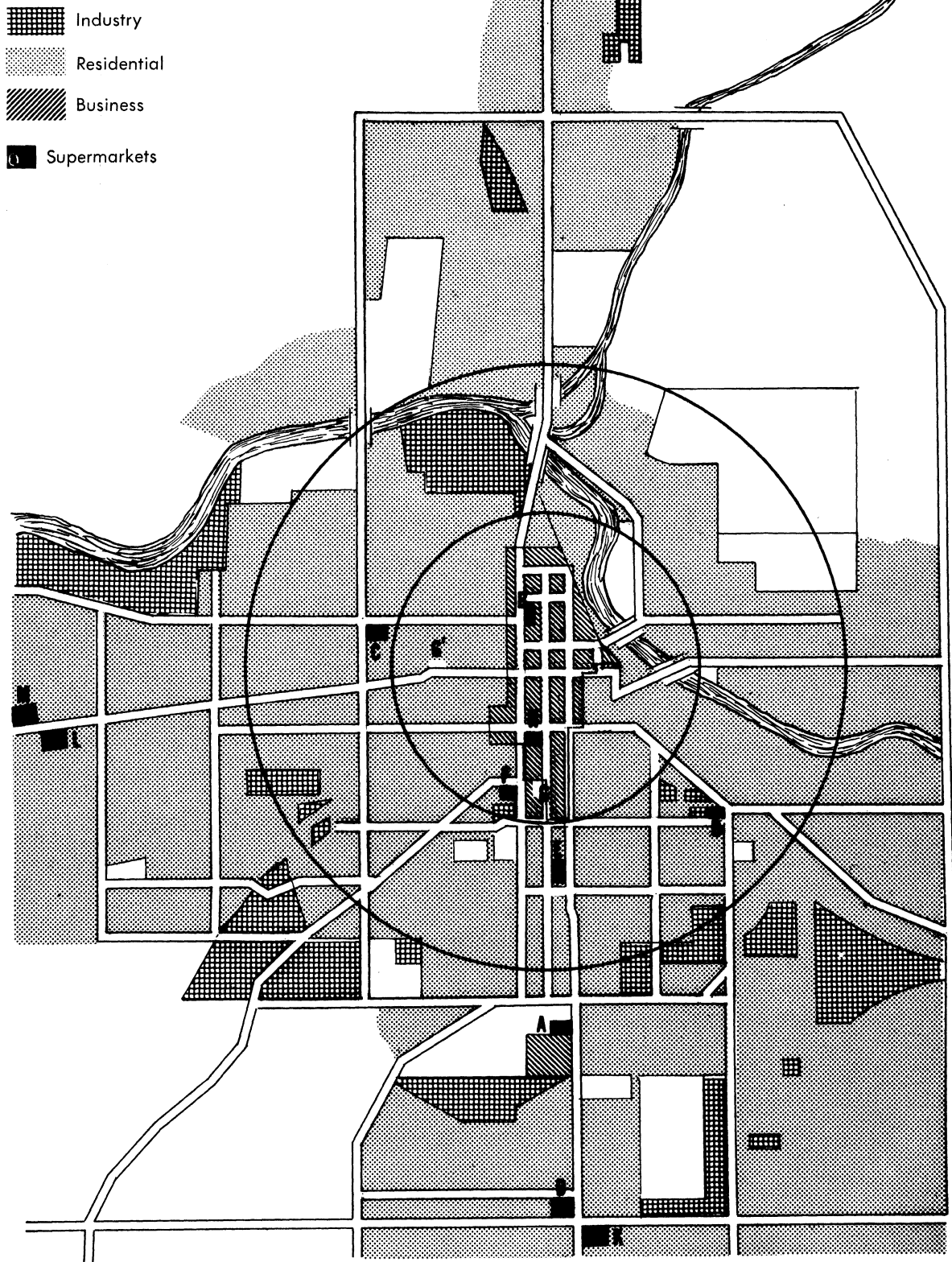
Figure 2 is a map of the Indiana city studied by Holdren, somewhat simplified from the version printed in his book.<sup>10</sup> As of 1957, there were ten supermarkets serving a population (including residents of contiguous areas without shopping centers) of more than 60,000 people. While it is true that there were quite a few small neighborhood grocery stores still in operation, the average supermarket in this city was receiving most of the patronage of some 5,000 or 6,000 people. Most of the supermarkets were not large compared with the newest supermarkets in big cities, but they had average gross sales of 1 1/2 to 2 million dollars per year. Although it often happened that two competing supermarkets would establish themselves in the same "location" (that is, in the same shopping center or near the same major intersection), Holdren notes that no two supermarket "locations" in Center City as of 1957 were less than half a mile apart. Each of these

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9/ Excluding eating and drinking places, automobile dealers and service stations, fuel and ice dealers, and dealers in lumber and building supplies.

10/Bob R. Holdren, The Structure of a Retail Market and the Market Behavior of Retail Units, Prentice-Hall Inc., 1960, p. 25.

FIGURE 2.  
Map of Center City



Source: Bob R. Holdren, *The Structure of a Retail Market and the Market Behavior of Retail Units*,  
© 1960 Prentice-Hall, Inc. Adapted by permission.

locations was the logical food shopping center for an area containing several thousand consumers.

Holdren and Mehren both find evidences of economies of size in individual supermarkets which continue to or beyond the \$5 million a year gross sales level.<sup>11</sup> This would be enough to accomodate the food purchases of some 5,000 average households, or a population of 15,000 individuals.

An average U.S. household of three persons spends something like \$20 a week for groceries. The supermarket pays about \$16 at wholesale for these groceries, and operates on a gross margin of something like \$4 out of the \$20 weekly food bill. Supermarkets in a place like Center City compete actively to transfer customers of their competitors to their own stores. Most of the supermarkets in Holdren's study had price levels within 2 1/2 percent of one another, or within a range of 50 cents per week on our average \$20 food market basket. (The extreme range, established by only two of the ten stores, was larger than this.)

A reduction of \$1 in the retail price of a week's food would mean a reduction of about 25 percent in the supermarket's gross margin. No accurate measures are at hand concerning the disutilities or social costs to consumers of traveling an extra mile through city traffic to a more distant supermarket. However, I would judge that the disutilities of two shopping trips a week, each requiring travel of a mile more than the trip to the nearest supermarket, might involve disutilities of something like 50 cents to a dollar a week for a consumer located on the usual boundary of the trade area between two supermarkets. Thus, price level reductions of 1 or 2 percent on the part of a particular supermarket could be expected to cut quite deeply into the sales of all stores whose shopping areas were **contiguous** to its own. Holdren reports a case in Center City where Store A lowered its price level by 5 percent and doubled its sales level. Thus, Store A's own-price elasticity of demand was approximately 20. Store D adjusted to this change by reducing prices 3 percent, but still went down in volume from \$40,000 per week to \$30,000 per week, or by 25 percent, suggesting a cross-elasticity of demand of 12.5.

Holdren also lays considerable emphasis on "nonprice offer variation" as a form of competition between supermarkets. Thus, one supermarket might respond to a moderate price reduction on the part of a competitor by installing air-conditioning, music, automatic doors, a conveyor belt to transport groceries from the store into the parking area or other features. The attractiveness of some of these "nonprice" features of the environment in which shopping is done must be worth several cents to the consumer on each major shopping trip -- that is, the nonprice offer variations collectively appear to have about the same order of importance in transferring customers from one store to another as does price variation permitted by the cost structures of supermarkets.

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<sup>11</sup>/ G. L. Mehren, "Marketing Coordination and Buyers' Requirements," in Policy for Commercial Agriculture, Joint Economic Committee Print, November 22, 1957, pp. 282-306.

This same competitive mechanism and these same attributes of supermarkets affect the sort of competition that occurs now between supermarkets in different towns. Small grocery stores in villages of a few hundred people are suffering the same sort of competition from supermarkets in towns of 2,000 persons or larger that neighborhood grocery stores have suffered in the larger cities. Though the road mileages are greater in a rural area, there is still competition between supermarkets in adjacent towns for the patronage of farm and small town residents living between them.

Figures 3, 4, and 5 may be viewed as extending the analogy already drawn between villages and towns of different sizes in a rural area and the business districts, shopping centers and neighborhood stores that we find in cities of 50,000 population or larger. These figures were originally developed by A. K. Philbrick; however, I have drawn them from a secondary source, namely Walter Isard's Methods of Regional Analysis: An Introduction to Regional Science.<sup>12</sup>

Figure 3 suggests that all inhabited places in the United States can be classified into seven categories. The smallest "populated place" is the individual household, whose economic function consists largely of consuming. The second-order place is a village or small town whose primary function is retailing. Towns of the third order perform additional functions besides retailing; Philbrick has chosen wholesaling as the typical new function. Towns of larger sizes and more complex economic functions are keynoted by trans-shipment, exchange, control, and leadership functions. Only New York City is assigned to the seventh order or leadership category by Philbrick. Chicago and Los Angeles are sixth-order cities, while New York City performs the sixth-order function for the East as well as seventh-order functions for the entire nation. Fifth-order central places include such cities as Minneapolis-St. Paul, Kansas City, St. Louis, New Orleans and Atlanta, among others.

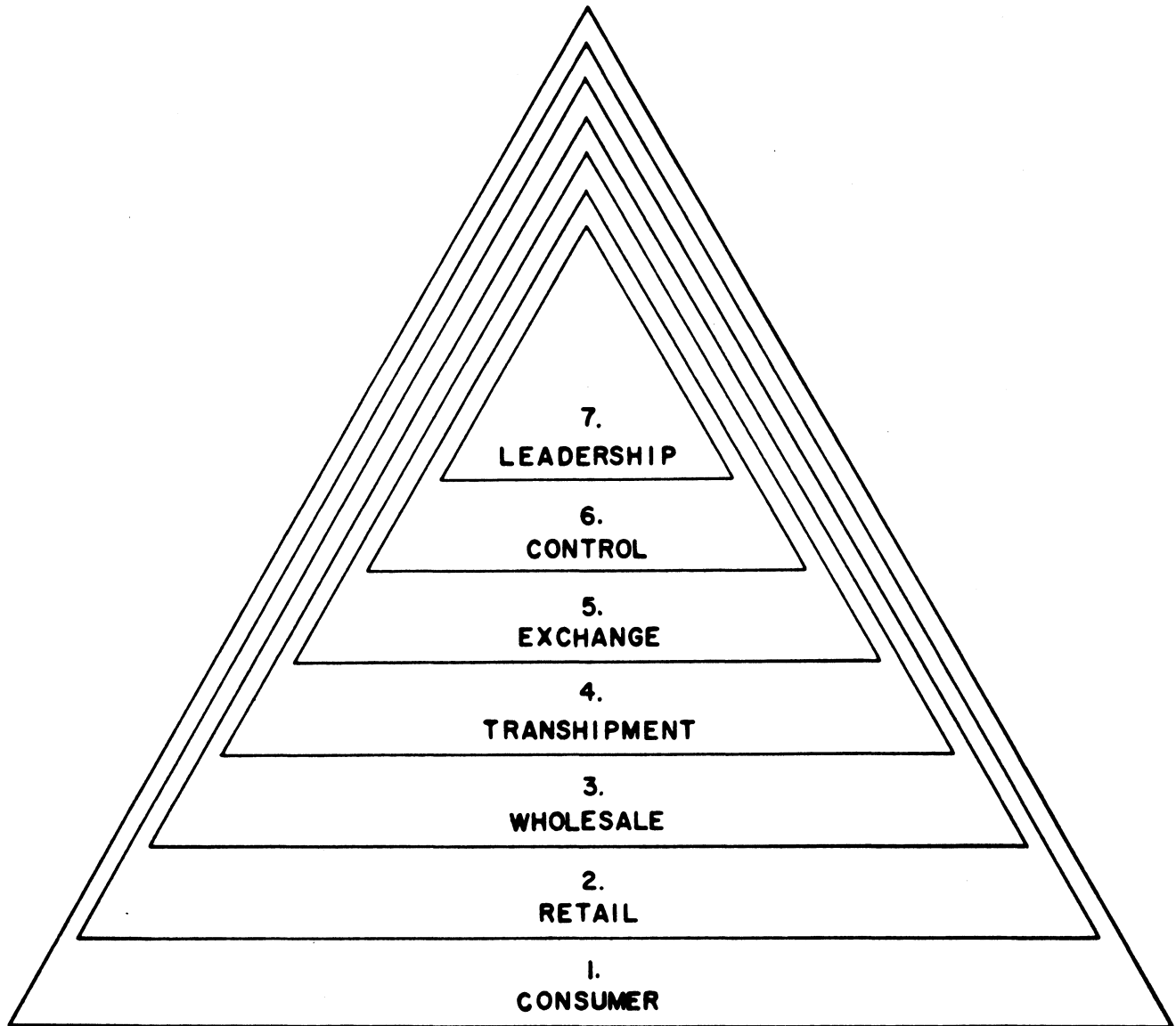
Figure 4 shows another conceptualization of Philbrick's seven-category scheme.

Figure 5 represents an attempt by Philbrick to give empirical content to his hierarchical scheme. The small dots shown in the Wisconsin sector of Figure 5 are second-order central places, whose primary function is retailing. They include the smallest villages as well as towns ranging (I assume) from 1,000 to 2,000 or so population. The second-order places have been omitted from the rest of Figure 5 so that our attention can be focused upon the distribution of third-order and fourth-order central places. Third-order central places include some of the following functions or attributes: Grocery wholesaling, a daily newspaper, serving as a county seat, containing industrial supply or merchant wholesaling firms, having a population of 5,000 or over, and having drug wholesaling and hardware wholesaling establishments. The smaller circles which are completely black and have one or more "spokes" radiating out from them include six or more of the twelve functions used as criteria of third-order status. Small circles

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<sup>12/</sup> Published jointly by the Technology Press of the Massachusetts Institute of Technology and John Wiley and Sons, Inc., 1960.

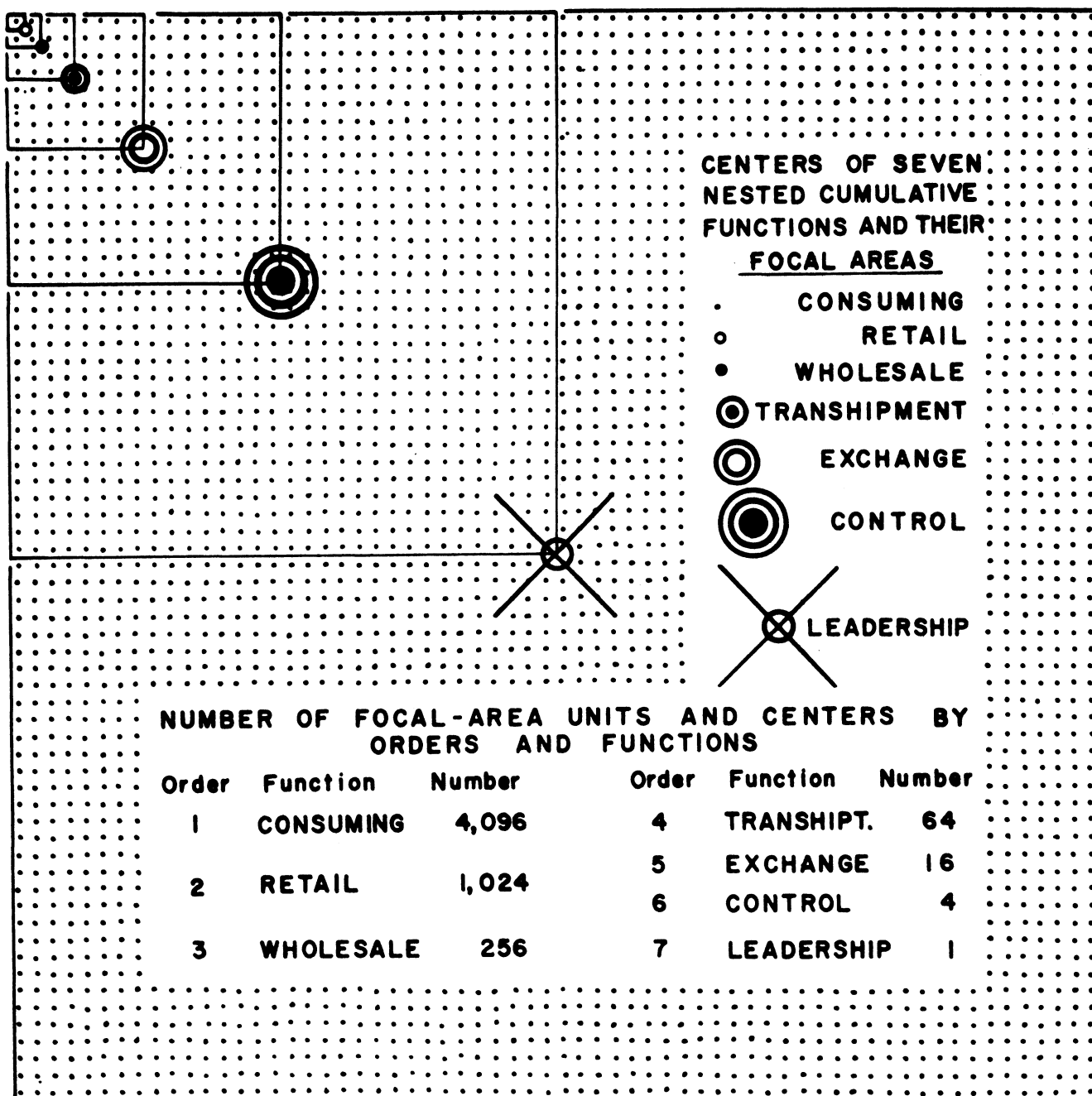
**Figure 3. Philbrick's Seven-Fold Hierarchy of Nested Functions  
Corresponding to seven nested orders of areal units of organization**



Source: Walter Isard: *Methods of Regional Analysis* (Wiley, 1960)

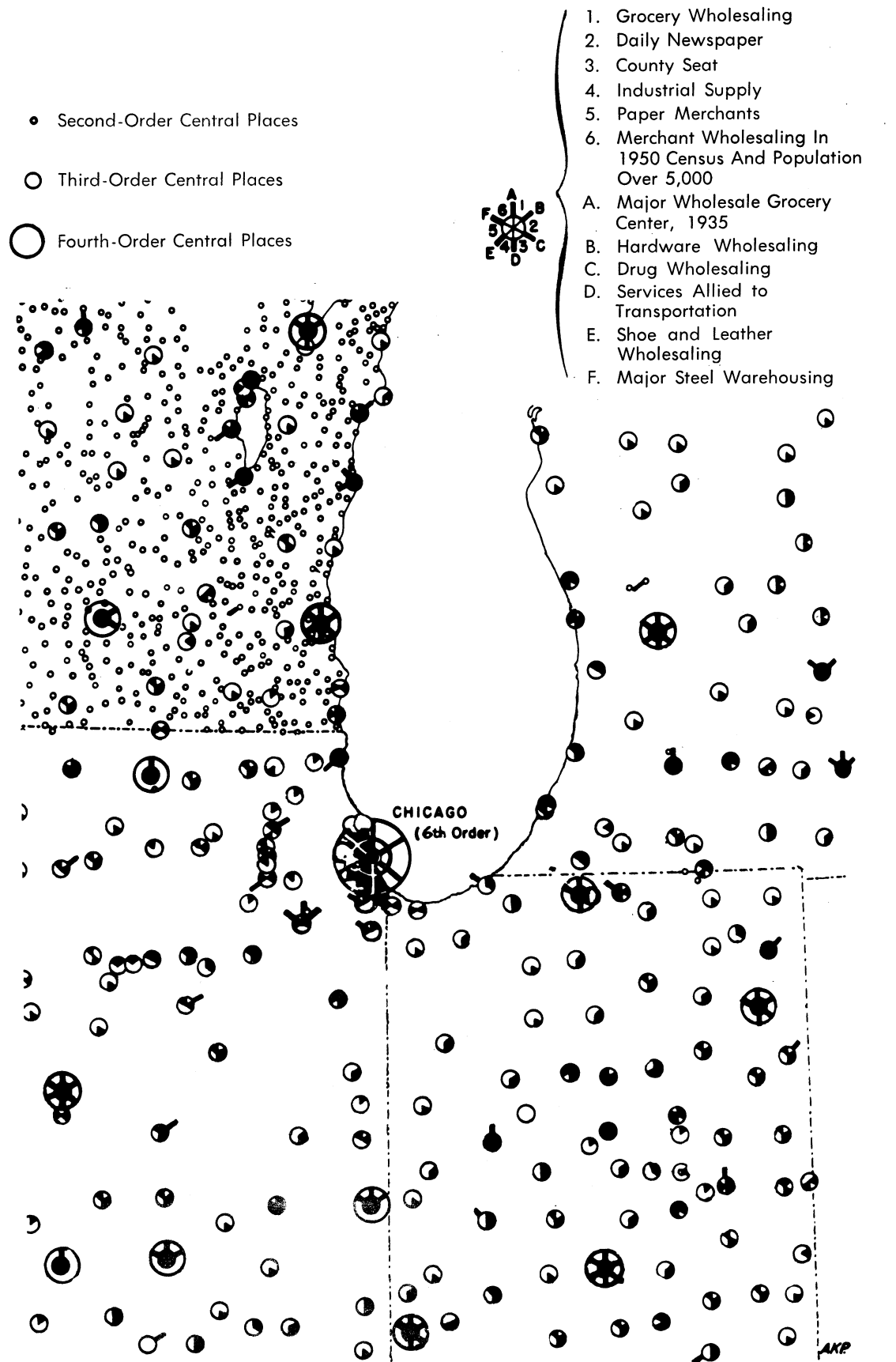


Figure 4. Philbrick's idealized seven-fold nested areal hierarchy of economic functions



Source: Walter Isard: Methods of Regional Analysis (Wiley, 1960)

FIGURE 5.



with no spokes and only small wedges of black contain only one or two of the twelve functional criteria. The criteria for fourth-order status (the larger circles other than Chicago) are not given in Isard, but evidently there are varying degrees of completeness of functions among the fourth-order cities as well as the third.

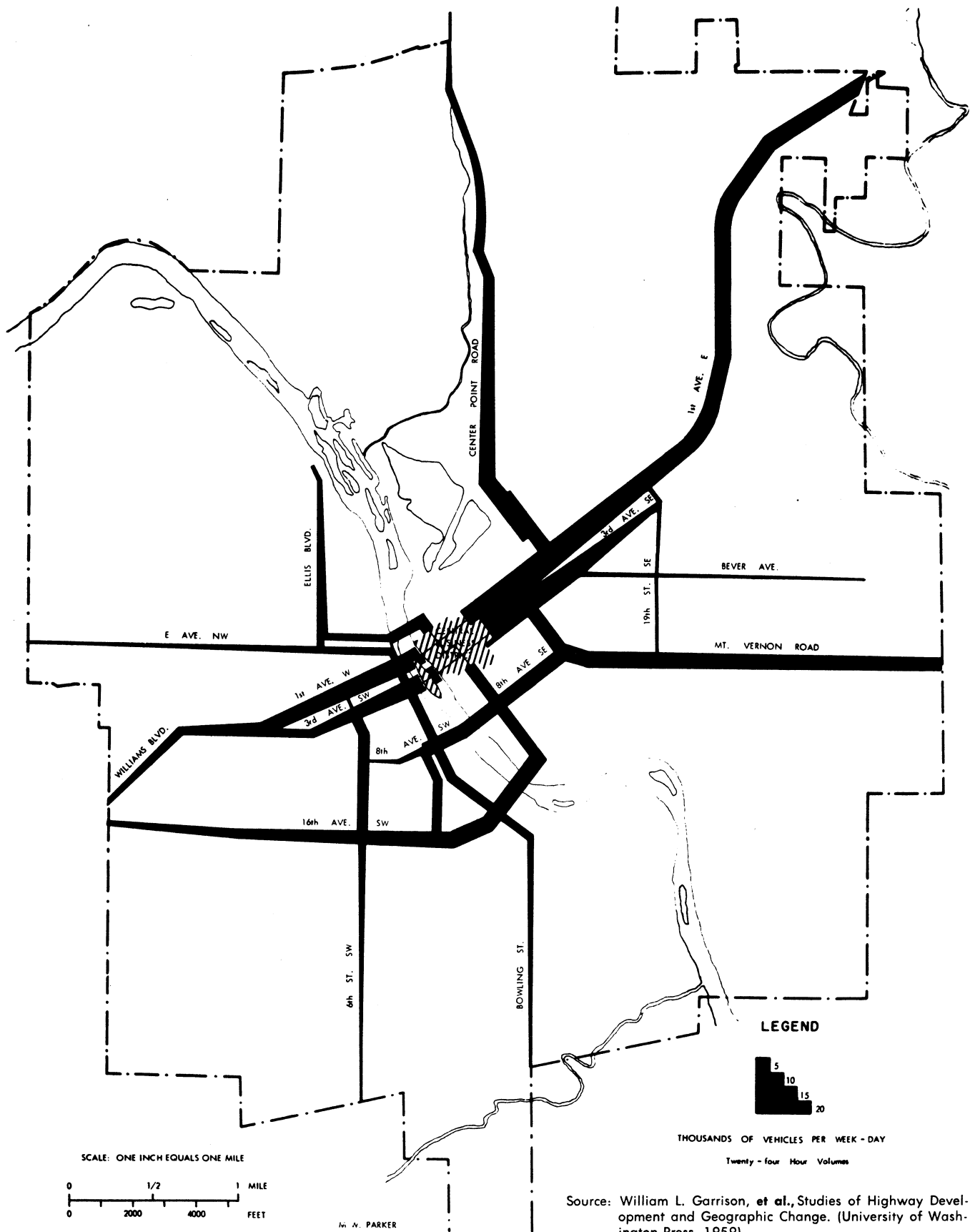
I believe Philbrick's classification has considerable value. However, the criteria for places of different orders change over a period of time and particular functions tend to migrate from one size of place to another. A small grocery store was once a secure and comfortable inhabitant of second-order central places. But a modern supermarket could hardly achieve its basic economies in anything smaller than a third-order central place. In the process of making itself secure in a third-order place, a supermarket tends to squeeze out entirely the small grocery stores previously existing in the second-order places. The wholesaling function in food distribution has also been revolutionalized in recent years. I suspect that very few third-order central places perform this function to a significant extent at present; it has doubtless migrated in most cases to the fourth-order and even fifth-order cities.

This migration of functions from lower order to higher order centers is one aspect of the adjustment of the actual economy toward the "optimal economy." Economies of size for individual firms (supermarkets, daily newspapers, high schools, grocery wholesalers and all the rest) are a major source of pressure for change. Further economies may exist in linking together several supermarkets or other kinds of stores into local or regional chains. In such cases, the economies of size may reside in the wholesaling function, in spreading the use of an unusually skillful manager, in purchasing large quantities of products at favorable prices and handling large quantities at low-unit costs, and so on.

My personal appraisal of the situation is that third-order central places were logical focal points for economic activity and public administration in the horse and wagon days, but that now the logical economic and administrative area would focus around a fourth-order central place and would include several third-order places and a large number of second-order places or villages whose retailing function has almost disappeared. The dividing lines between third-order and fourth-order places are not absolute and will, in any case, change over time. Thus it is quite conceivable that some of the smaller and weaker fourth-order places in Philbrick's map would also be included in an area centered upon a strong "full-line" fourth-order place of 25,000 population or more.

Figure 6 is more closely related to the map of Center City (Figure 2) than it is to Figures 3, 4, and 5. This is a traffic flow map of Cedar Rapids, Iowa, made in 1950. The widths of the black bands are proportional to the numbers of thousands of vehicles passing over particular stretches of street in an average weekday. The great majority of retail stores in Cedar Rapids are located on or very near to these major traffic arteries. In other words, the major suburban shopping centers lie along the more heavily traveled thoroughfares. The

Figure 6. Traffic Flow, 1950 (Cedar Rapids, Iowa)



convergence of the heaviest traffic flows upon the central business district is clearly shown.

It would be interesting to show a similar traffic flow map between towns and villages clustered around a major fourth-order town. The degree of economic and social integration of such an area should be reflected in fairly heavy traffic flows from tributary second- and third-order places to the fourth-order center of the area. But the third-order places would be relatively independent from other fourth-order centers as reflected in very limited traffic flow between them. The relative densities of traffic flows between the lower order centers and the various higher order centers could be made a basis for drawing boundaries between adjacent relatively self-contained economic, social and administrative areas. Long-distance traffic on interstate highways should, of course, be excluded from total traffic flows for this kind of purpose (i.e., that of delineating fourth-order economic areas). In a predominantly agricultural area, farms would take the place of industries in providing the economic base for the consumer goods and public service sectors.

Suppose that studies of traffic flows and the shopping behavior of consumers did lead us to a clearly defined "fourth-order area" which we will call a functional economic area -- FEA for short. Is such an FEA a logical unit for attempts to attract industry? Is it a logical unit for various other kinds of community development endeavors, and perhaps for some kinds of public service and administrative functions?

As to industrial development, careful study of an FEA might suggest that there were considerable advantages in concentrating most new manufacturing firms in the central city. It might prove uneconomical for several towns of 2,000 or 3,000 population in the FEA each to develop water supplies, sewage disposal systems and other utilities adequate to serve sizeable industrial plants. In other words, it might prove more economical to provide such facilities only in the central city. On the other hand, smaller firms with limited requirements for water supplies and disposal facilities might well locate in towns of 2,000 to 5,000 population a few miles away from the central town. It might make little difference to most people in the area whether new industry located in the fourth-order central city or in any one of the third-order places. For a few months at least, people would be willing to drive several miles to and from work in a new plant. After that, they might decide to move closer to the plant, just as people may move from one neighborhood to another in a city in order to be closer to their jobs.

If my assumptions are correct, then it would appear desirable for the various business groups and clubs in the entire FEA to pool their efforts behind some common organization whose object might be to encourage new enterprises to locate anywhere in the area. There would, of course, be competition between one FEA and those adjacent to it, but fragmentation of effort within a given FEA would be largely eliminated.

As a political unit and a unit for levying taxes and allocating public expenditures, an FEA might also have certain advantages. An FEA should have a better balanced age distribution than we find in either the farming areas and villages of Iowa or in the larger cities. Also, an FEA is likely to have at least a stable, and probably a growing total population. In this, it would contrast sharply with certain of our rural counties whose total populations declined by 10 to 20 percent in the last 10 years. In such counties the declining population tends to produce higher unit costs for all public services and for all business firms in the county. It leads to a top-heavy age distribution, which may well be associated with general conservatism and a shortage of vigorous leadership in business and political life.

In fact, an FEA might prove to be a much better training ground for new leaders of state and national stature than are most of the existing counties in the Corn Belt states. An FEA would provide a wider range of policy issues and the individual issues would be more challenging to the extent that they involved larger numbers of people than a typical county.

Just as economic developments are tending to eliminate at least one functional category of places from Philbrick's seven-fold hierarchy, it may be that the hierarchy of political issues is also changing. Certainly, the United States must give far more attention to world affairs in this generation than it did before 1940. Federal aid to states and state aid to local governments will probably increase. There will be a tendency, no doubt, for a further migration of certain kinds of governmental authority from smaller to larger political units.

Without examining the facts I don't think that such migrations can all be regarded as either good or bad. Before 1900, some road maintenance functions in Iowa were handled by townships and even by "section committees"; subsequently these responsibilities migrated to the county level, and since that time part of them have been passed on to the Iowa State Highway Commission. The basic problem is one of finding at any given time the size of area or political unit that is best adapted to carrying out each particular responsibility.

Whatever area we choose for community development purposes, it seems to me that we should lay out at least a crude plan of the type shown in Figure 1. If on further study it proves to be true that industrial development efforts are best organized on an FEA basis, we will face a number of problems. Tinbergen's theory of economic policy was designed to be applied at the national level. In most countries, economic data, economic theory and political organization have all been developed in such a way that they can be focused in an integrated way upon national economic policies and problems.

The boundaries of a functional economic area may not appear on any political map. The criteria for defining boundaries have to be specified before the boundaries themselves can be drawn. These boundaries may seldom coincide with those of political units such as counties or even with the perimeters of groups of counties. Special efforts would be required to organize data even from the decennial censuses

so that they apply accurately to the FEA. Published data on trade with other economic areas may be nonexistent, and data on area income accounts and input-output realtions have to be developed from scratch. Data on trends or cycles in area income and employment might also be difficult to develop and maintain. However, if it is clearly shown that such data will be important for policy purposes, these problems should not deter us.

Finally, after the boundaries of an FEA have been drawn and a network of economic data developed, a potentially frustrating question must be faced: Where is the political body that represents the common core of interests of the residents of the area? If an appropriate body exists or can be improvised, what powers does it or can it have to influence the development of the area and the economic and social well-being of its residents?

Many community development activities will be specialized to the needs of the citizens of an FEA, or even the needs of a particular group of citizens in a single town or village within the FEA. We really do not need a comprehensive model or mental picture of relationships to interpret such specialized activities. In other cases, we might need a policy model for the area as a whole which would be directed toward indicating lines of local action that would maximize the welfare of citizens of the area.

However, let us also consider an alternative approach. Let us assume for the moment that we are trying to contribute to national economic development through a set of activities which, in detail, are to be carried out in rural economic areas. The objectives of national policy may then provide us with targets for our local activities and with measures for appraising our contributions to the national economy through the local economy.

Apart from national defense and international peace, the primary goals of national economic policy in a democracy seem to be (1) to increase the level of real income per person, (2) to improve the distribution of income, (3) to increase the stability of income and (4) to maintain or increase the freedom of individuals to make their own decisions concerning their occupations, uses of capital and places of employment and residence. We might go so far as to represent economic welfare symbolically in an equation:

- (1) Economic welfare depends on income level, income distribution, income stability, economic mobility.

or, for short  $W=f(l,d,s,m)$

If national policy makers could agree on a set of weights for the four specific goals (or if a president specified these weights as a basis for coordinating the activities of different agencies), then for any combination of values of  $l$ ,  $d$ ,  $s$ , and  $m$ , we could calculate the corresponding value of  $W$ .



The maximum value of  $W_t$  attainable at a given future time  $t$  would be limited by the existing stocks of natural resources, capital and labor. The "best" geographic distribution of labor and capital at time " $t$ " would depend upon the distribution of natural resources, physical plant and final consumers at the present moment and upon the net excess of benefits over costs of redistributing people and business, residential and public facilities between now and time " $t$ ."

If time " $t$ " is 1970, the "best" distribution of most economic activities will be narrowly limited by the present locations of consumers and resources, including land. For example, if we move food stores very far away from consumers, we reduce the attainable value of  $W$ ; the move is costly and inefficient. On the other hand, there are some relocations of people and activities that will clearly raise the value of  $W$ ; these might be called the "bread and butter" problems of rural economic development. I believe that the directions and approximate amounts of these "bread and butter" adjustments could be estimated fairly well by economists who are expert in regional economics.

Finally, some activities may be distributed semi-independently of either consumers or natural resources. These frequently include new firms whose prospects are highly uncertain and depend more on entrepreneurship than on close calculations of locational cost. Mere redistribution of such activities may have little effect on the attainable level of national economic welfare.

Contributions to rural economic development through redistribution of firms may be looked at in various ways. On the one hand, competition between different areas for a new enterprise of this type will not reduce the national welfare. On the other hand, competition between (say) Iowa and Nebraska for such an enterprise may not increase the national welfare; it may simply redistribute adjustment costs between residents of the two states. However, if citizens of all states are alert to a wide range of possibilities for economic growth and adjustment, we will, of course, tend to have more rapid economic growth nationally than if no organized efforts are made at the area level.

Hence, competition between FEA's for new factories quickens the pace of national growth. I want to lay particular stress here upon what I have called the "bread and butter" aspects of rural area development. If the income level in one area is low relative to that in other areas, the national welfare will almost certainly be increased if some people transfer out of the area and some capital transfers in. Sober analysis will usually indicate (1) that a substantial part of the adjustment must be made by the out-migration of people, (2) that substantial reorganizations of local businesses and public services will be required, (3) that little reliance should be placed on the in-movement of "footloose industries" which would be as well or better off in other places and (4) that in-movement of businesses that are clearly better off in the area can be encouraged as well by factual reports as by multi-colored brochures.

It seems appropriate, then, to define the problem of area economic development in terms of disparities between the existing pattern of economic activity in an area and that pattern which would be consistent with maximum economic welfare for the nation if all adjustments were of types (1), (2) and (4) in the preceding paragraph. These would be adjustments of the actual economy toward the "optimal economy" of the area as part of an economically optimum pattern for the nation as a whole.<sup>13</sup>

## VII. Social and Institutional Aspects of Community Development

I am not particularly qualified to comment about the human and institutional aspects of community development beyond the statements I have made in earlier sections. I have emphasized economies of size in economic and political institutions; I would also emphasize them in connection with voluntary nonprofit organizations.

I have suggested earlier that individuals do implicitly weight economic and non-economic objectives together in making their decisions. Non-economic goals take human time and energy and often public or private funds, much as do activities with direct economic objectives. When community leaders set priorities for action, I believe they should state as explicitly as possible the reasons why they give priority of time or energy to particular activities. Also they should estimate the "opportunity costs" of those activities in terms of the benefits they and the community forego by not putting the same energies and resources into the pursuit of specific alternative goals.

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<sup>13</sup>/For a fuller discussion of what I have called "bread and butter" adjustments, see the excellent paper by Charles L. Leven in CAEA Report 4, Seminar on Adjustment and its Problems in Southern Iowa, Center for Agricultural and Economic Adjustment, Iowa State University, Winter Quarter, 1959, pp. 215-227. Leven contrasts the two extreme schools as to desirable adjustments -- (1) "move the people out" and (2) "industry for our town." He follows this contrast with "a more general concept of regional development" (pp. 220-221) which I believe is an excellent and well-balanced statement of the different facets of the regional or area development problem.



THE PROCESS OF SOCIAL ACTION  
IN COMMUNITY AND AREA DEVELOPMENT

by George M. Beal and Daryl J. Hobbs<sup>1</sup>

The success of any community or area development program depends in large part on how effectively the program mobilizes human and non-human resources in the action phases. If not carried through to action or completion the best plans are of little consequence; they accomplish little beyond providing a stimulating exercise for the planners. Mobilizing the resources of a community or area to achieve the objectives of development is a process of social action. Whether the project be a new golf course, an area vocational training school, a labor survey, a nursing home or a community education program the process of attaining the objective is social since it depends on motivating key people and organizations to participate actively in the action necessary to accomplish the development objectives. This chapter discusses the process of social action<sup>2</sup> and suggests how this process may be used most effectively by individuals and groups who choose to work toward bringing about certain changes in their community or area.

Changes in a community or area may result from forces within, from forces originating outside the community or area, or (as usually is the case) from both. Changes occurring as the result of outside forces are often not planned for by the system (organization, community, or area) undergoing change. In fact, most often these outside factors are beyond the direct control of the system. An example of the effect of such outside or external forces is the development of new agricultural technology which is persistently resulting in a reduction of the number of farms and farmers in Iowa. These forces will probably continue to have an effect regardless of the actions taken by the individual community or area. Indeed it is often the effect of such outside forces which prompts initiation of development projects and programs within areas and communities.

Since external forces are usually beyond the direct control of area residents this chapter focuses on those kinds of changes which can be planned and executed within the community or area. This does not mean, however, that resources used in carrying out an action program are limited to those available in the community. Many types of outside assistance may be sought and utilized.

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<sup>1</sup>/Rural Sociologists, Department of Economics and Sociology, Iowa State University.

<sup>2</sup>/Those desiring a more detailed discussion of social action may want to read George M. Beal, "Social Action: Instigated Social Change in Large Social Systems" in James H. Copp, Our Changing Rural Society, Rural Sociological Society, Iowa State University Press, Ames, Iowa, 1964, and George M. Beal, "How Does Social Change Occur?" in A Basebook for Agricultural Adjustment in Iowa, Part III, The Opportunities, Special Report 22, Iowa State College, October 1957, p. 17.

Purposive social action of the kind being stressed in this chapter will be referred to as "instigated change" in that it is purposely planned and executed. Those persons or groups who instigate the change will be referred to as change agents. The emphasis of the chapter will be on the process involved in any social action project and will not focus on any particular types of change. Social action projects may be instigated by a particular group or organization or may be undertaken on a community or area-wide basis. Groups, organizations, communities and in some cases areas have in common the fact that they are social systems. As used in this discussion a social system is a very general term and can mean any group of people who share some common interest and interact together over time. Within the framework of this definition a community, while being termed a social system, is composed of many different systems or sub-systems. This does not violate the definition; each individual is a member of many formal and informal social systems.

A social system is not limited to communities, however, and may include county, area and even state or national groups or organizations. The important feature is that the members of the system know about each other and take each other into account in their actions. Therefore a local PTA, Lion's Club, an informal coffee clique, a community, an area development committee or the state legislature may all be considered as examples of social systems. The definition of social systems is stressed here since it is social systems (at whatever level) which accomplish social action.

Planned, purposeful social action attempts to bring about social change which (it is assumed) maximizes satisfaction for a particular social system or systems. Instigated social action may be thought of as a process of deciding objectives, making choices concerning methods and involving people in carrying out the objectives. In this respect, social action is collective action -- although it does not deny the importance of individual or family decision-making units.

However, emphasis is placed on those types of decisions that man must make or prefers to make in harmony with the decisions of other groups of people in order to maximize his satisfactions. Man finds he is usually involved in many coordinate decisions in his neighborhood, formal groups, institutions, community, county, state and nation. It is to this larger decision-making "arena" that the term social action has been traditionally applied.

If decisions are made and action carried out regarding a community center, a hospital, united fund drive, school reorganization, government reorganization, or area development, at least the majority of the community or area leaders must coordinate their decisions and actions in order to attain the planned objective. Social action thus may be analyzed in terms of the flow, or stages, of social action over a period of time and the persons and social systems involved. Each of these three aspects will now be examined.

It has been found that successful and efficient social action projects usually do not just "happen" but are carefully conceived and planned. It has also been found by research and observation that successful social action projects tend to follow a certain identifiable sequence of steps. Certainly not all social action projects follow the same procedure from start to finish. But sufficient similarities have been noted to justify the discussion of social action in terms of a sequence of steps. Depending on the magnitude of the project, these steps may be highly formalized and easily identified or may blend into one another so that there is almost a continuous flow of action. The steps may not occur in the exact sequence stated -- but sometime during the program all of the functions explicit in the steps seem to get performed.

The particular construct or sequence of steps of social action presented here is not a magic formula which will insure success of any action program. Nor is it a set of directions to be followed meticulously. Rather certain tasks are emphasized which are important to accomplishing objectives, and these tasks are placed in a particular time sequence. The success of the action project depends in large part on how well each of these tasks is performed.

One of the major problems in applying this model or mental picture of social action is to describe these steps and determine at what point in time they should be taken. This poses a dilemma since in the real world some of the steps may not be taken in the stated sequence, may be taken more than once, may be taken simultaneously, or may in some cases be left out. The main purpose here is to identify the general nature of the steps in order that one may become aware of the part they play in total action and of the sequence in which they usually occur.

A brief description of each step will follow.

### Step 1: Analysis of the Existing Social System

All social action takes place within existing social systems. If the change agents (persons or groups) attempting to implement social action within some generally defined social system are to operate efficiently, it seems logical that they must understand the general social system within which the social action will take place, the important sub-systems within the general social system, and the extra-system influences upon the general social system and the sub-systems. Each community, for example, is made up of a multitude of social systems which together comprise a total community. These include the diversity of organizations serving the needs of businessmen, housewives, youth, senior citizens and various special interest groups within the community. The social systems comprising a community or the arena of social action are resources available to aid community action. Often a particular organization seeking to initiate some community action program becomes so involved that it fails to take into account various other interested organizations and groups in the community. At a minimum, analysis of the existing

social systems enables a broader understanding of the social environment in which the proposed action project will take place. Such an analysis will prove beneficial at various subsequent stages in the process of social action.

In addition to knowing what groups or organizations exist within a community or area, it is also important to understand something about the interrelationships between the systems. It is of particular importance to understand something about the goals and objectives and the purposes of each of these organizations along with their relative position of leadership (influence) in the total community or area. It is also important to know something about the groups and organizations to which key leaders in the community or area belong.

As an illustration, an area development committee seeking to initiate some project of social action may consider beginning with an inventory of the kinds of organizations included in the area and their potential interest in the kind of action program under consideration. Often it is easy for such committees to overlook important organizations and groups in the area from the standpoint of potential contribution to the success of social action projects.

### Step 2: Convergence of Interest

Social action begins when a problem is recognized, and defined as a need by two or more people, and a decision is made to act. Usually, the original convergence of interest on a problem involves only a few people. In the process of deciding to act, there must be at least some tentative definition of the problem, the goals to be attained, and decisions concerning means for action, even if only for "next step actions."

At this step, usually only a relatively few people are involved. The idea for the project may come about as a result of an informal discussion among a few community leaders, or may be an outgrowth of a meeting of a particular group or organization. In any event at this step, few people are involved and only highly tentative plans are made for the continuance or completion of the project.

### Step 3: Analysis of the Prior Social Situation

In any social system certain leadership patterns, power relations, methods and attitudes probably have developed out of the past experience with similar problems, projects or activities. Certain patterns of communication, cooperation and conflict have probably emerged. Certain methods, appeals, and organizational structures have worked; others have failed.

At this stage, the change agents need to ask and seek the answers to several questions.

a. Has there been any experience in the community or area with the kind of project being proposed? Was it successful? If so, is it possible to determine what factors contributed to the success? If it wasn't successful, why not? The intent of these questions is to capitalize on past experiences in the community or area to provide insight concerning where emphasis may be required to improve the chances of success in the anticipated social action projects.

b. What methods have become traditional in the community or area? Have most action projects succeeded in the past because of the efforts of a few individuals or organizations or have they involved a majority of the people in the community or area?

c. What is the general attitude in the community (area) concerning progress? Is there a defeatist attitude or are people looking for ways to improve the community?

d. What groups or organizations seem to work together best? Is there ill feeling between some organizations which may prevent them from working together on a community wide project?

By answering the above questions the change agents (planning group) can gain a better understanding of the prior social situation in the community and use this information in developing plans for proceeding with the proposed project.

#### Step 4: Delineation of Relevant Social Systems

Very few action programs directly involve all groups and organizations in the particular community or area in which action takes place. With the information and knowledge acquired in the preceding three steps, it should be possible to identify and describe the social systems most pertinent to the action program under consideration.

There are several criteria which may be used to decide which systems are relevant to the proposed action program. First we might ask which groups in the community are, or have in their membership, the people to be reached with the program -- the target systems. If the proposed project is a community youth center, then at a minimum all youth organizations in the community become relevant to this particular project.

Second, to what degree do the various groups or social systems in the community represent the needs and interests of the people of the community (area) or a particular organization that is the target system?

A third important criterion relates to the legitimation process. Although certain key leaders (influentials) and/or organizations may not be directly involved in the proposed action program, they may be important to the legitimation of the project.



Without the approval and support of such individuals or organizations, it may be difficult to gain widespread participation and cooperation in the community. Thus organizations or individuals having legitimation power should be considered as relevant to the project regardless of whether or not they actively participate in other stages of the process. More will be said about the process of legitimation later in the discussion.

A fourth criterion of relevancy is related to the extent to which a group might possibly be actively involved in planning, sponsoring or in other ways participating in the proposed project or program. It is important to identify as relevant not only those groups or organizations which express active interest, but also those who have the potential for involvement.

It is not only important to identify those groups which would probably favor the proposed action program, but it is also important to identify as "relevant" those systems which may oppose the plan. Taking potential opposition into account from the very start of a program will enable plans and strategies to be developed to counter the opposition when it arises. It is equally important to identify the probable issues and causes of opposition which may arise. It is possible that the planned program may conflict with the goals and objectives of some organizations or groups in the community or area.

Groups both inside and outside the community or area should be identified as relevant if they may be involved in a resource or consulting capacity. Change agents may desire to prepare a list of outside resources (organizations, agencies or individuals) which could be involved in the proposed program and to indicate the role they may play.

The tentative delineation of relevant groups allows the planners to begin to narrow down the systems listed in Step 1, so that limited resources of time and personnel may be used more effectively. As social action progresses from one step to another, certain systems may drop out of the "relevant" classification, others may have to be added.

#### Step 5: Initiating Sets

At this stage, it is quite probable that only a relatively few individuals or groups have been involved in the proposed action program. The task in Step 5 now becomes one of limited initiation of action. The action envisaged at this stage is of the "sounding board," information-gathering and legitimation nature. There usually emerges a small group or groups of people who attempt to involve other individuals or groups in the action process. (On the basis of the relevant groups and influential leaders delineated in Step 4.)

"Initiating sets" (individuals or groups) are chosen to contact other individuals and/or groups for their suggestions and sanction. (See Step 6: Legitimation.)

Thus, the initiating set is a group of persons (probably including the change agents previously involved) who are centrally interested in consulting with the key leaders of the relevant social systems. In this sense the initiating set is "organized" to perform these "sounding-board," consulting and legitimating functions.

As a result of the reactions of several leaders and organizations, the initial project idea may be modified to incorporate some of their suggestions and opinions. Throughout the social action process attention should be devoted to the possibility of including additional ideas to strengthen the proposed project and to increase its likelihood of success.

Depending on its magnitude, the proposed project may be initiated very quickly with relatively few people involved, or getting it "off the ground" may be a major hurdle requiring considerable organization and effort. As a rule, the more complex the proposed project, the more effort will be required in initiation.

At this step it is essential that accurate and complete communication take place with individuals who become a part of the initiator sets. Often misunderstandings as a result of poor or inadequate communication can create problems and even opposition to the proposed project. Consequently, it is critical that the proposed project idea be explained carefully and completely.

#### Step 6: Legitimation

Legitimation is used here mainly in the sense of giving sanction (authority, justification or "license to act") for action. It is recognized that final legitimation for any action program rests with the majority of the people in the relevant social system. It is also recognized that in most social systems there are certain key people who have the power of legitimation for most action programs effecting their particular organization or following or in many cases in action programs involving the whole community or area. There is usually a formal legitimation structure (e. g. elected officers in positions of authority in relevant groups) and an informal legitimation structure (e. g. informal leaders in positions of influence that may be even more important than the formal legitimizers.) The process of legitimation is especially important for action programs initiated by voluntary non-legal authority groups.

Perhaps the criteria for deciding which persons or organizations are legitimizers may be found in the following questions: "Is this an individual (or organization) who, if he opposed our particular plan, would make it quite difficult to succeed because of the weight of his opinions with other members of the social system?" Or conversely, "If this individual (or organization) gives his sanction to our proposal, will it greatly enhance the likelihood of its (the project's) success?"

In some communities it is possible that basically the same group of influentials are informal legitimizers for nearly every kind of community project undertaken.

However, in most communities the persons or organizations in a legitimation role will vary with the type of project undertaken. That is to say, the persons who are influential in matters pertaining to schools may not be as influential (and hence not legitimizers) for projects involving public services, e. g. streets and roads, water systems, local government, etc., or projects oriented toward bringing new industry into town.

Usually legitimizers will be influential in community affairs but may not be particularly active in community organizations. They may have been active at one time but may have semi-retired from active organizational work and other positions of formal leadership.

Legitimation at this stage of the planning process consists of consultation with the formal and informal leaders of the previously specified relevant groups, organizations and individuals. The resource of access is important at this stage. The fact that different individuals will possess different access to relevant leaders and influentials may make it necessary to form several contact groups (initiating sets.) With reference to the comments made above, it is important to note that in most cases both formal and informal leaders should be contacted for their reactions and suggestions on the proposed program. Such an approach would tend to gain the approval of leaders for the program as well as obtaining additional suggestions for changes and how the program might be carried out.

Many kinds of action programs or projects require not only informal sanctions of the community and relevant organization leaders, but also formal approval of some legal or governing body. Such is the case with projects such as hospitals and city and county zoning where certain legal requirements must be met. Both kinds of legitimation are equally important but may differ in the way the task of legitimation is approached and carried out.

Reactions from legitimizers vary. They may range from flat refusal to endorse the project on the one hand to wanting to become the center of the promotional activity on the other. Moreover, this caution should be observed: legitimizers often will put forth no effort to help initiate or carry on the action program. They are not necessarily an important resource in subject matter competence, time or energy. However, if legitimation is not obtained from them, they may throw all of their resources into blocking the program. An over-simplified reason for such action is their feeling that if they are bypassed on legitimation often enough, they cease to be legitimizers, a status and role they may desire to retain.

This step has been discussed at length, because it is highly important in the process of social action. If it is not carried out successfully, it can have a serious effect on the probability of success of the proposed action program. The converse is also true! Therefore, careful planning is required to make sure that this step is successful. It is at this step that many key leaders are first contacted about the proposed project and their subsequent expectations, attitudes and actions

in relation to the initiating group will be influenced by this contact. Again, emphasis should be placed on insuring communication.

### Step 7: Diffusion Sets

Thus far, the existence of the problem, the recognition of need, the motivation to act and legitimation have involved only a small group of people. However, if other individuals and relevant groups and organizations are to act, they must be given an opportunity or be "convinced" of the existence of the problem, believe a need exists and be willing to act. At this step, there is a need for people who can provide the kinds of resources needed to inform the community or larger area system about the proposed project and give community residents an opportunity to express their opinions. These resources include time, communication skills, organizational skills, access to many people or groups, etc. This step is launched, however, only after the successful completion of the preceding steps.

There appears to be two different aspects of this step. First, the diffusion groups must make some major decisions relative to the program before carrying out this step. Such decisions may take into consideration the suggestions and reactions of the consultants and/or legitimizers in the preceding step. It may be pointed out in relation to this aspect that between each step of process the planners should evaluate their progress and use this evaluation in planning alternative courses of action in terms of undertaking the next step. This periodic evaluation of progress in relation to plans can provide important insights and information to guide the project on through the remaining steps of the process. It is also vitally important that the initiators of the project develop alternative courses of action for accomplishing each step. By doing so, momentum will not be lost should the chosen course of action fail. A sound principle for social action may be stated as P<sup>5</sup> -- Prior Planning Prevents Poor Performance.

A second aspect of this step is preparation to disseminate or diffuse the basic ideas of the program to various target groups and audiences. This aspect of Step 7 is related to the point mentioned above because content and plans to diffuse the ideas of the new program should be based on these major decisions. At this point persons are involved who can best diffuse the essential ideas of the proposed program to relevant target systems. This may include such people as newspaper editors and other persons associated with mass media as well as other individuals and groups who are in a position accurately to inform relatively large numbers of people. The people who perform this function are called diffusion sets. It is obvious that there may be a need for many different combinations of people or completely different diffusion sets as well as different methods and means developed as the process is carried out with various relevant target groups. It is important to bear in mind that the same method of diffusion (or communication) will not be equally effective with all target groups. Therefore, it will be necessary to plan this step so that those methods will be used which will be most effective in reaching various target audiences. This decision must be made in large part on the basis

of the characteristics of the groups and organizations to be informed. An individual who has been highly successful in conducting social action programs has made the statement that "people are made aware by impersonal methods of communication (newspapers, postcards, etc.) but they are only persuaded or convinced by face-to-face contact." This is an important principle to keep in mind as social action proceeds.

At this point, it should be emphasized that each of the steps of the process are only functions to be performed and that key people identified at each step may perform more than one function. To illustrate, newspaper editors were referred to above as a possible diffusion set. This does not mean, however, that the newspaper editor may not be a legitimizer or initiator, or aid in the performance of any other step in the process.

There may be a considerable overlap in terms of the people involved in various functions, or it could be possible that different groups of people are involved at each step. Usually continuity is built into social action programs by certain people continuing to play various roles at a number of stages. However, two important points may be made here: (1) certain people have specialized skills and may be most effective at only certain steps in the process; many of these people prefer to play specialized roles and will not become involved if they have to continue all the way through the action program; (2) certain people try to play roles at which they are not skilled and thus hinder rather than aid the program.

#### Step 8: Definition of Need by More General Relevant Groups and Organizations

At this stage the activities planned by the diffusion sets are carried out to educate or convince the relevant social systems that a problem exists and that there is a need for their action. Thus it becomes the "people's problem." It is at this stage that the activities of the diffusion set usually attempt to broadly involve relevant individuals, groups and publics. The purpose, of course, is to convince the relevant social systems of the need for the proposed project. The process can be as simple as providing a social situation in which individuals' felt needs are channeled into a general consensus. However, in most cases, this step involves detailed and lengthy activities before the degree and amount of "felt need" is developed which will lead to action. In essence, this step is an outgrowth and continuation of the activity of diffusion sets.

There are many techniques and methods which have proved to be successful in obtaining a "felt need" regarding a problem. Some of these techniques are listed and elaborated below:

a. Basic education. Often times the problem toward which the proposed action program is directed may not be readily apparent to many people. Even upon recognition of the problem, it is quite probable that many people may not recognize the logic

of the proposed program for solution of the problem. In these kinds of situations basic education is an effective but time consuming technique for obtaining support for the proposed project.

Often times people are opposed to social changes in the community primarily because of traditional attitudes and a desire to maintain the status quo. In such cases basic education concerning the broader social and economic effects on the community may be necessary to change such attitudes.

A program of basic education must be supported by objective information and facts concerning both the problem and the proposed solution to it. In addition, it is important to involve people who are skilled in presenting facts, and who are perceived as being unbiased and objective by other community members.

This method is oriented toward creating a climate of acceptability for the proposed action project. However, it is reiterated that it is a time consuming task to change attitudes and opinions which have been held for a long time. In approaching this method, it is important to bear in mind that people believe what they see and see what they believe.

There are many kinds of projects requiring very little basic education. However, a project such as an area vocational or technical training school may require an extensive program of basic education (on population change, employment opportunities for young people, our educational system, methods of tax support and financing, etc.) before it may be defined as a need.

b. Surveys or Questionnaires. A survey or questionnaire distributed either to a sample or to the total population of the relevant social systems can be of value in several different ways. First, the survey may enable the initiators and/or planners to determine to what extent people define the proposed project or program as a need. It can also elicit suggestions and ideas from the people concerning how the project may be carried out. The results of the survey may indicate that a basic education program is needed to help define the need for the proposed project.

Secondly, a survey or questionnaire may be a method of basic education itself. In the process of completing the questionnaire a person thinks about the problem toward which the survey is directed and, at the same time, possible solutions to the problem. In a sense the individual "educates" himself in the process of completing the questionnaire.

Another by-product of the survey or questionnaire method is that it can serve as an important diffusion technique. As people complete the questionnaire they may begin thinking and talking to others -- not only about the questionnaire but about the proposed action program as well.

The survey or questionnaire method has the advantages indicated above, but at the same time may be a major project in and of itself. Successfully conducting,

analyzing and interpreting the results of a survey may require considerable technical assistance from outsiders.

Before deciding on the use of the survey method planners and initiators need to consider its advantages and disadvantages and weigh these against other methods of need definition.

c. Comparison and Competition. In American society, with the emphasis that is placed on friendly competition, comparison and/or competition can be effective in defining the need for the proposed project. If a certain community is considering the possibility of a swimming pool, in gaining support for the idea it may be sufficient to point out that a neighboring community has one.

However, it should perhaps be stated that if some action program is carried out only to "keep up with or ahead of the Joneses," there are possibilities of discontent or lack of support for the project after it is completed. For this reason it is probably better to use this method in conjunction with a basic education program so that relevant systems are really convinced of the importance of the project.

d. Exploiting Crisis Situations. It is probably safe to say that in many smaller communities that a fire truck may have been purchased after a major fire. Often it is difficult to obtain support for a project until some event occurs which brings the need dramatically and suddenly to the minds of people. In short, they are in a proper mental set to act.

It is not suggested that major crises be deliberately staged as a method of need definition. However, it is axiomatic that such situations create an atmosphere for immediate action.

However, it is possible that some community problems may be more grave than is generally recognized. Often problems may develop so slowly that people are relatively unaware of them. The potential gravity of such problems may be pointed out in a basic education program, creating a feeling of urgency to act on the part of relevant social systems. Again, the emphasis should be placed on rational and objective methods of communication rather than highly emotional appeals. Commitments made on the basis of emotional appeals tend to be shorter in duration than those based on objective information and analysis.

e. Channeling Complaints or Gripes. Often there are situations in communities or organizations which cause people frequently to express complaints or gripes. This, of course, is an indication of dissatisfaction and a potential willingness to take action to change the situation. The missing factor in such situations is unification behind a particular program designed to alleviate the dissatisfactions. The central idea behind this method is to point out how the proposed project may serve as a complete or partial solution to the situation giving rise to the complaints, to channel the complaints into support for the proposed project.

As an illustration, community people may be complaining about juvenile delinquency and a lack of activities and facilities for young people. These kinds of complaints may be turned into support for a community center if such a center is demonstrated to be at least a partial solution to the situation about which people are complaining.

Again, it is stressed that this may be only one of several methods used to gain support for the proposed action project.

f. Demonstration or Trial. Often there is resistance to a proposal because of a feeling that the idea "won't work in this community (area or organization)." In such cases it is often beneficial to give the proposal a short-term trial in the community to demonstrate its advantages. Of course, this only works for certain kinds of projects which lend themselves to short-term trial.

Perhaps many community members are not sure of the need for or effectiveness of a summer recreation program for youth. Some organization may want to sponsor and staff it for one year -- a "trial run." At the end of the year the community can decide if it is worth its resources to continue it.

Demonstration of how a particular project might work may also be accomplished by arranging tours of some key leaders to other communities or areas which may have the kind of program or project being proposed. There is obviously a limitation in the number of people who could be involved in such tours.

It may be desired to invite representatives of other communities or areas to share their experiences in similar projects as a part of a program of basic education. It is often advantageous to utilize such outside resource persons. They may be perceived as being more objective because they are not residents of the community and aligned with any particular group or project.

All of the above are methods which can be used to help stress and define the need for a particular action program on the part of relevant social systems. Each of the above has certain advantages. Decisions on which will be used should be based on: (1) the kind of project and (2) the nature and characteristics (including level of knowledge and attitudes) of the audience it is desired to convince of the importance of the proposed project. The planners and initiators of the project will probably not rely on any single method, but will probably use several in combination. Of course, the above list of methods is not exhaustive, and there may be many other effective techniques for gaining broader social system support for the proposed project.

#### Step 9: Decisions (Commitment) to Action by Relevant Systems

One might question why this step has been included, for in a real sense one's decision to act may be implicit in one's decision that a problem exists and urgently needs to be solved. However, this step is included to emphasize the importance of



getting not only tacit agreement that the problem exists and needs to be solved, but also to commit people to act in relation to the problem. Since it is necessary to have the active cooperation and participation of relatively large numbers of people to carry out most community action programs, it is very important to obtain overt commitments to assist at this stage. There is greater probability of action occurring when the commitment is made overtly before other persons and social pressure exists to perform in relation to the overt commitment. These commitments may include pledges of time, money or other resources at appropriate times as the project progresses. Psychological commitment is very important -- an expression of willingness to pitch in and work or back the program.

These commitments to assist in various ways are important to the planners and/or initiators of the project at this stage. They determine what resources and assistance can be counted on. They determine whether these will be sufficient to carry out the project at the level planned. Lack of sufficient commitment to action at this point to carry out the project as planned may indicate that the problem and its proposed solution have not been sufficiently well defined. This would, of course, mean that additional effort will have to be expended on the "definition of need" step of the process.

#### Step 10: Formulation of Objectives

It may seem rather curious to think that the project has developed to this step without objectives. It hasn't. Many short run and intermediate goals have been developed and met up to this point. However, it is quite probable that in involving the relevant publics, the idea or proposal has been stated rather generally with no particular attempt to define the objective clearly and precisely. In the public education program, in discussion and debate, the original goals may have been changed, modified or improved. Thus it is at this step (after a problem has been defined and a need to solve the problem recognized) that the goal or objective should be formalized and stated explicitly.

Although the need for doing this is apparently obvious, it is frequently bypassed, and people tend to skip directly to a discussion of the means and methods of solving the generally defined problem. It is especially important to insure that all relevant groups and organizations have the same understanding of what the objective is. The importance of consensus of opinion concerning objectives at this step cannot be over-emphasized.

It is possible that the objective may have been explicitly stated in the definition of need and commitment to act. In that case, a restatement of the objective may be all that is needed. This is particularly true of tangible, visible sorts of projects like new swimming pools, court houses, schools, etc. However, many action projects are more complex (such as school reorganizations, industrial development, etc.) and require explicit formulation of objectives at this stage.

In more complex action programs there may be more than one objective. Some of these may be immediate or short run while others may be more general or long run. As an illustration, a community or area may wish to improve its economic base. This would be a general or long run objective. To do this, they may wish to work toward the attraction of industry to the community. To do this, the decision may be made to form an industrial development corporation. This may be considered as an intermediate objective. However, in order to set up such a corporation, the decision may be made to try to raise \$20,000 within the community to establish such a corporation. This then becomes the immediate or short-run objective toward which the social action program is directed. It is often of value to state the objectives of an action program in such a sequence so that the more general objective is not lost sight of in the details of carrying out the immediate project.

#### Step 11: Decision on Means to be Used

Once objectives are set (agreed upon and formalized), there is need to explore alternative means and their consequences that might be used to reach these objectives. Then from the range of possible means available, a decision has to be made on which one or ones will be used to attain the objectives.

Most usually, it is easier for people to decide on objectives than it is for them to reach agreement concerning how the objectives will be accomplished. It may be generally agreed by a congregation that a new church is needed, but there may be considerable difference of opinion concerning what methods will be used to raise the money for the church or the architectural design of the church.

As in the case of objectives, it is very important that a consensus of opinion be reached among the relevant social systems concerning the means to be used to attain the defined objective.

At this stage, it is very important to have sound information and facts concerning various alternative methods. This will require anticipation of the kinds of information and facts which may be needed.

Who actually makes the final decision concerning means will vary from situation to situation. It may be a committee selected for this purpose, it may be the planners or initiators of the action project, or any one of several combinations of individuals or social systems. The important consideration is that as an end result there is agreement among the relevant systems concerning the means to be employed.

#### Step 12: Plan of Work

Within the framework of decisions made concerning objectives and general means, a more specific series of actions are planned formally or informally.

Decisions on organizational structure, designation of responsibilities, training, timing, planning of specific activities, etc., are all part of this step. A formally stated plan of work usually includes the following elements:

- a. Objectives to be accomplished -- these usually correspond to the group's short-term, intermediate and long-term objectives stated in a logically related fashion.
- b. Means to be used -- such a statement usually includes a statement of the general means to be used and in addition, a more detailed description of specific methods and actions to be taken.
- c. The organizational structure, authority patterns and the persons and groups responsible for actions to be taken.
- d. Training required to enable those responsible to accomplish the actions to which they are assigned.
- e. Additional specification of time sequence.

An important part of the plan of work is the statement of the organizational structure. Such a statement should include role descriptions, the lines of authority and the authority and responsibility of each person or group. In essence, the plan of work summarizes the objectives, means and commitments to action and places them in proper time sequence for carrying out the action process.

### Step 13: Mobilizing Resources

Within the framework of the plan of work, attention must be given to obtaining and organizing the resources to carry out the program. The fact that this step calls not only for mobilizing but for organizing should be emphasized. It is recognized that for a program to reach this point, there has been a great deal of mobilization and organization of resources. However, this step refers specifically to the mobilization and organization of the resources for carrying out the plan of work.

The plan of work usually calls for the mobilization of many different kinds of resources -- human, physical facilities, financial, communication, etc.

If the preceding 12 steps have been adequately performed, the mobilization of resources needed to accomplish the objective should be relatively easy. The project to this point has been carefully planned and legitimized; relevant systems have been convinced of the need for the project and committed to act in relation to it. This step then should be the "pay-off" of all the work and planning that has gone into the project up to this point.

#### Step 14: Action Steps

It is at this point that the plan of work (and available resources) are put to work to carry out the actual project mentioned above. The ease with which this stage is accomplished will depend in large part on how effectively the preceding steps have been carried out.

It is important to bear in mind that coordination and leadership are required to insure smooth implementation of the project.

#### Step 15: Evaluation

One of the most important steps of the process of social action actually comes after the completion of the project. Since this will probably not be the last action project carried out in the community or area, it is beneficial to build on past experience and gain new insights concerning future action programs. It is at this stage of the process that answers need be sought for the questions:

- (1) If our project was successful, why was it successful?
- (2) If it failed, why did it fail?

This final evaluation and analysis of the process is probably the most frequently overlooked step in the whole process and can be one of the most beneficial.

Specifically, final evaluation usually gives attention to whether stated objectives were satisfactorily attained and the satisfaction with objectives which were accomplished. Likewise, consideration should be given to the adequacy of the means used to achieve the group's objectives as to the adequacy of the organizational structure and group processes involved in carrying out the program.

The adage that "experience can be an excellent teacher" is perhaps a sound logic for final evaluation.

#### Summary

Most community action projects are probably accomplished following a procedure outlined above. The procedure does not necessarily point out any new concepts, but does highlight those steps which are most essential in successful social action projects.

Because the steps in the process were presented in a chronological order does not necessarily mean that all steps must be performed in this exact sequence in

order for the project to be successful. The steps and their order are a suggested guideline and not a rigid formula to be followed. However, the process presented has been tested and researched; in most cases it will probably best be applied in the order presented.

In utilizing the process of social action at least three ideas are central to its effective application. Throughout the process attention needs to be devoted to: (a) complete and accurate communication, (b) periodic evaluation of progress at each stage, and (c) careful planning of following steps.

The reader is again reminded of the limitations of the construct of social action as discussed in the introduction to this chapter. At this stage of development it appears to be a valuable tool. It is a framework in which to place individuals and social systems in order more accurately to identify the types of resources needed and functions to be performed over time in successful social action.

## STRUCTURING NEW EMPHASIS ON COMMUNITY DEVELOPMENT

by E. J. Niederfrank<sup>1</sup>

### The Challenge to Understand

Community development today is far more than an academic subject. It is also more than an ideal or something that would be nice to add to a program if and when time permitted. Rather, a major part of it is "community action or involvement" relating to all "extension" work. This is especially true of program areas such as rural area development, economic growth and agricultural adjustment.

Sometimes community development is referred to as "mailbox painting" and other nice non-economic welfare projects. In some places there may be a tendency to equate community development with some particular type of small local community program, overlooking the fact that the term applies to community action on a larger community, county or area basis as well, and to a wide sphere of interests and problems.

Any program involving work with people beyond the family contains community involvement aspects. These aspects include decisions in regard to different segments and interests to be served, organization of committees, recruitment and motivation of leaders, involvement of specialists for effective study of situations, relationships with other resources, communication and group techniques in deciding on and carrying out plans of action.

It is in the community action phase of programs where shortcomings frequently cause program failure or minimum results or contrawise, where adequacy and competence produce maximum results. Research and experience have long since proved the worth of effective involvement and self-imposed activities as contrasted with inadequate involvement and directed activities imposed from the outside. Yet even today, program leaders frequently overlook this fact until it is too late, having given attention to only the technical subject matter of the problem or to some particular kind of improvement. Then they have to back-fill and correct mistakes on community involvement before being able to go ahead toward effective results.

Sometimes there is lack of interest in the community action involvement phase of community development because it is an unseen, unconscious phase of program progress. This is especially true if this phase is handled well by others and programs succeed without realization on the part of outside resource people of all that happened in local operations. On the other hand, when programs fail, the failure can be seen as due to some degree of breakdown of community involvement.

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As shown in figure 1, community development consists of not just (1) things -- the better living conveniences and services -- but, (2) the incomes required to provide things -- the better farming and more nonfarm jobs and (3) the human element or motivating attitudes, abilities, felt needs, desires and standards. Around all these is (4) the overall framework of organization, leadership, planning and cooperation that spearheads and guides the obtaining of higher incomes, more community improvements and the changes in attitudes and abilities. This fourth phase, the real power wheel, is truly community development -- the development of community as an acting group.

People everywhere want things of one kind or another. They want nice homes, good roads, adequate health services, leisure time opportunities and facilities, strong church facilities and programs, education to fit today's youth for tomorrow's work, area beautification and many other kinds of improvements in home and community.

But in most cases an important factor back of all this is money -- more adequate farm and nonfarm incomes. This means good farms on which are applied the latest technology of production and marketing, alert and progressive main street businesses, industrial growth and job opportunities within accessible distances or the shift of residents nearer to job opportunities. Inside of all this, of course, are the resources essential to economic and human growth.

Community development truly is organization, leadership, planning and group action -- the development of the people as an acting community area group -- to achieve more incomes and more things. It is more than the community improvements attained themselves, but it might include these.

Not all communities or counties can expect certain services or sizes of industries or number of high income farms. But every community or social area -- large or small, declining or expanding, rural or urban -- can have strong organization and leadership for functioning as a community group in achieving the things it wants, either alone or in cooperation with others. For example, certain communities may be too small to seek industries or build a hospital by themselves. But with adequate relationships with the wider community they can achieve much.

Thus, basically community development means making the community or social area truly a functioning group. It is achieving desired improvements for better living through consciously-planned community action. Without this, no expanding programs of improvement in either things or income will ever be easily achieved. Economic growth and community improvement are goals. Community action (development) is a process of achieving them. Without it new leadership and organizations have to be set up for every new program or project. The closer you are to having continued overall organization for economic growth and human development, the closer you are to "true" community development.

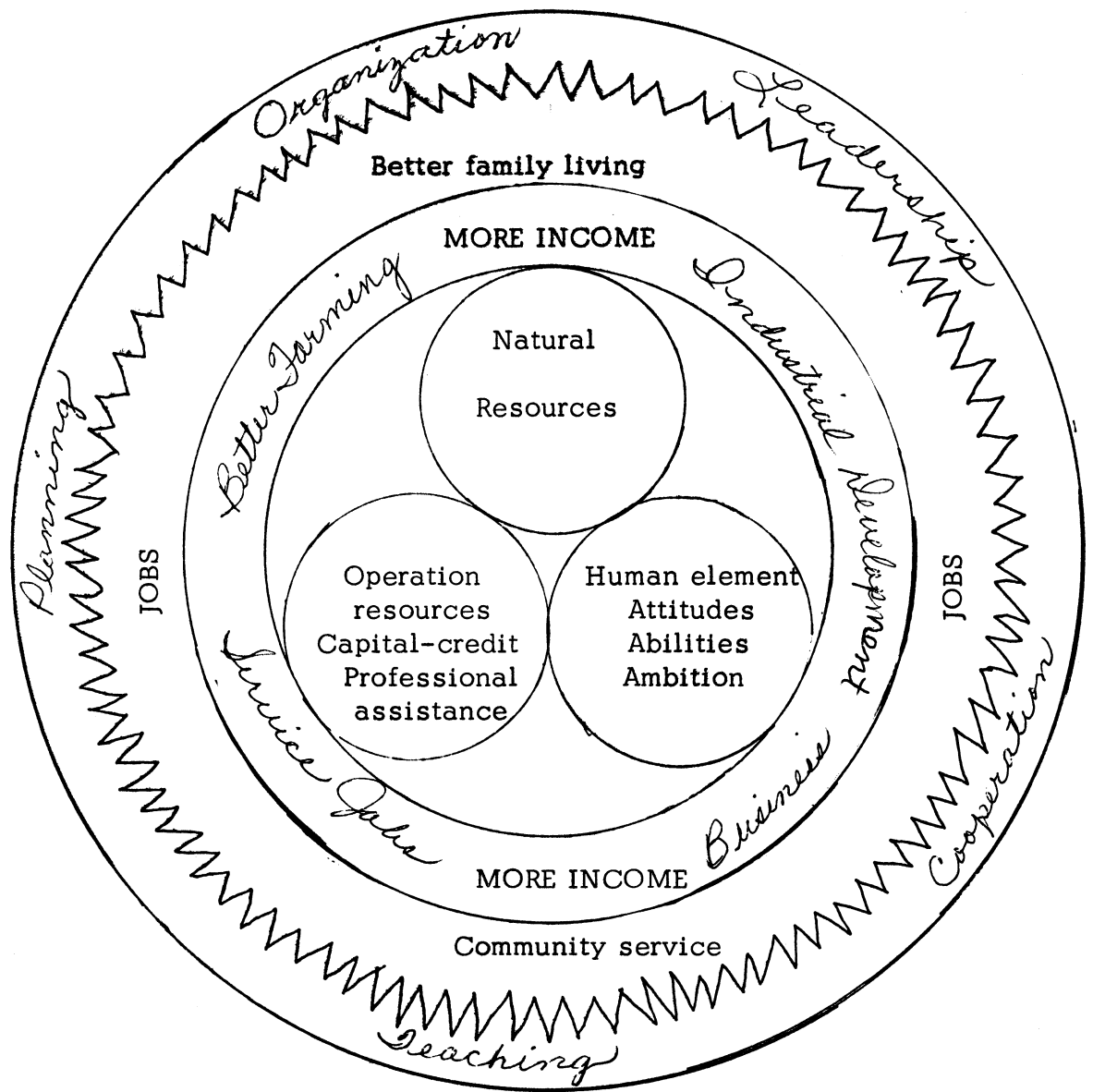


Figure 1. Elements of true community development.



### Some Background Philosophy

The main problem in undertaking community development is really not so much a matter of structure as it is a matter of (1) objective and direction, or of what your concept of the end product is, and (2) a matter of speed or how fast you intend to go in that direction. Experience in recent years has proved that these two factors -- objective or end product and speed are the most treacherous pitfalls faced in establishing and expanding community development work in the extension-university program.

Some states have gone at community development from the standpoint of sincere concern for true development of people and improvements through community action. Other states have gone at it from the narrower question of how to combat "general extension." Yet from the latter has come some very good new setups.

The recent extension emphasis on farm and home development, program projection and the Scope report, and the rise of the rural areas development and depressed area development programs in the federal government have accentuated the need for community development or the action of people as a total area group. Moreover, they have given community development a kind of immediacy. In addition, pressure from state legislatures may have been the greatest motivating force for moving some states more into community development. At the same time some states have approached community development with careful, deliberate thought, trying to be content with the slow speed of staff development. Others have moved more rapidly and deliberately to blanket the state with community development by administrative edict.

But albeit these realistic angles, in recent years there does seem to be a fresh concern with living at the local community level. This undoubtedly is due to several reasons. One is that we are becoming more and more progress-oriented, and the community happens to be one of the social units that a lot of people think can be made better and better.

Another reason is that because of the increased complexity of our socio-economy today, the individual one-to-one relationship no longer suffices (doctor-patient, farmer-agent, school teacher-family, clergyman-parishioner, merchant-customer). We have for years tried to remake the individual. Nor is merely the special-interest group approach enough for today's problems. Now it is more realized that problems are made up of various interrelated aspects calling for interdisciplinary and group approaches -- cooperative team efforts. In this there has been talk about dealing with such problems via the "social engineer" idea, the socio-economic planner.

So now we are talking about another way than the individual and special interest approaches: it is the self-powered community development approach whereby "all" the people of a given area with the help of professional resources seek to help themselves as a community group.

On the other hand, not all the work today on community development is really of fresh concern. Community organization and improvement clubs of one kind or another were widespread in the extension work of many states over 40 years ago. The community club-type of extension work was started in West Virginia during the 1920's when Nat Frame, a pioneer rural sociologist of that day, was the Extension director. There were township Farm Bureau units here in Iowa during that time, too. So some kind of community development has long been a part of Cooperative Agricultural Extension in most parts of the country. But much of it was more special-interest oriented and "improvement" oriented than overall "development-of-community action" oriented.

The accompanying figure 2 quickly gives us an overall explanation of today's complex social relationships and processes. It shows the different kinds of groups or communities of interest by area, by function and by interest. From it, one is impressed with the many organizational forces that impinge upon the local community today, to say nothing about economic-social forces and technological change itself. Technical and social changes have produced situations in which communities are in constant tension and transition. Local communities are in a constant process of change -- a process in which one type of community or group relationship is being eclipsed or covered over by another.

Certain basic processes or primary forces have been acting within and upon the community to give modern community life today a seemingly constantly changing image. These processes are science and technology, industrialization, urbanization and administrative organization, designed to accomplish the large-scale tasks in coordinating the work of many individuals and resources.

The main point is that such transitional processes as these, occurring all the time at the local level, transform and develop social relationships at every step along the way. It is not a once and for all structuring of the community, but a constant re-structuring process. At any point there may be problems that prevent satisfactory solution of problems arising from certain patterns of social relationship.

#### Relationships -- A Main Part of the Definition

If there is a valid reason for men and women to devote their lives to community work it is to enable communities to solve human problems. This is the way Dr. Dan Schler, community development specialist in the Missouri Extension Service, put it recently during a seminar there:

"In line with this reasoning, we conceive community development to be a process in which the local community willfully and consciously seeks to structure the various relationships within its boundaries in order to assure constant satisfaction of human needs in accord with human values."

To be complete, this statement needs to also take into account the relationships of the geographical community to the larger society -- often referred to as "mass" society.

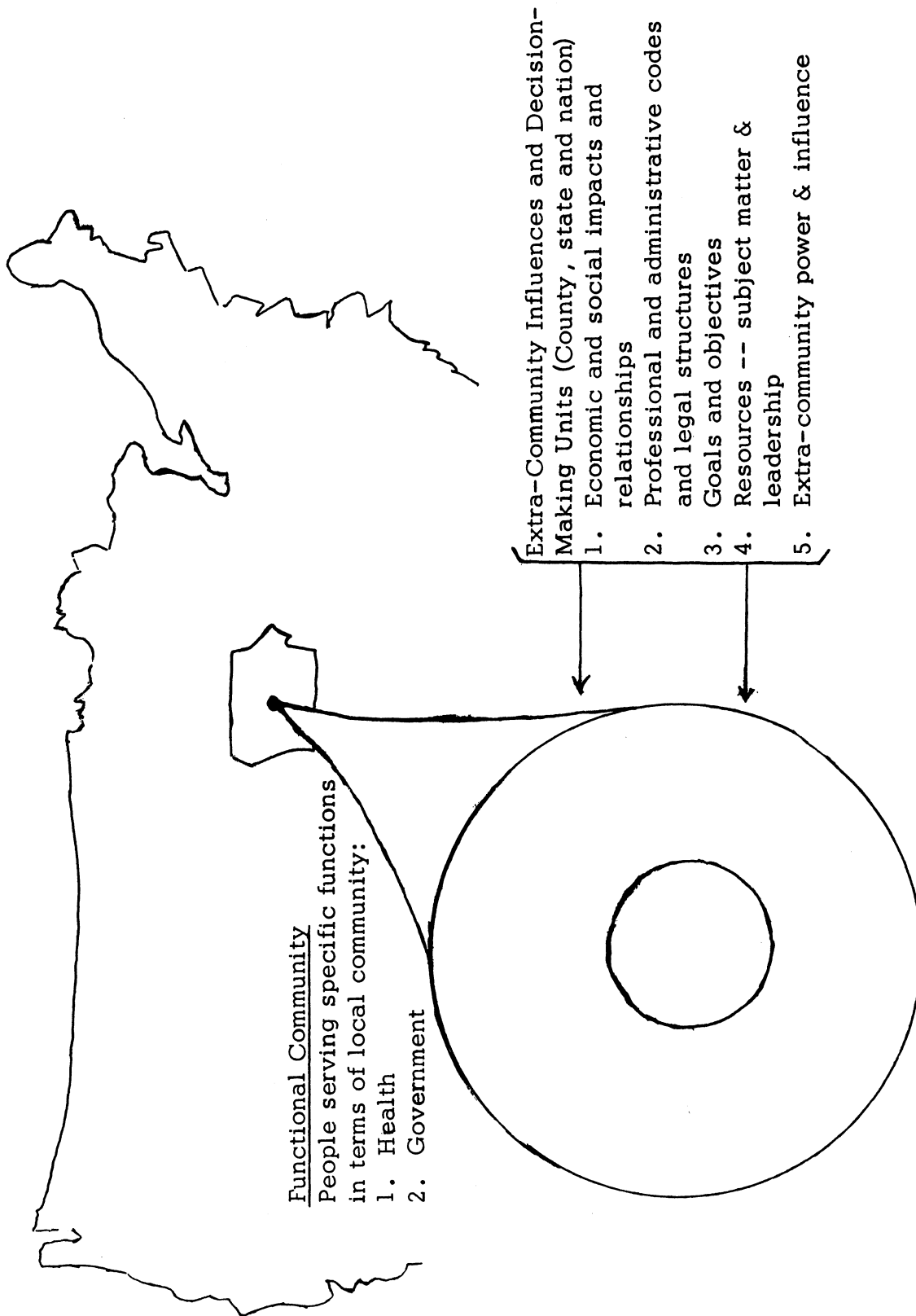


Figure 2. Community as local geographical, functional and vertical groupings.

"In the complete arena of modern everyday life, the healthy local community seeks to direct the transformation of relationships within the local unit in conjunction with the forces, relations and processes of 'mass society.' The goal of development is to enable the local community to function as a meaningful and goal-satisfying situation for people who center their lives in that locality," Schler said.

Other community development and adult educators (Brunner, Sanders, Hoiberg, Verner, Houle, Poston, McClusky) similarly define community development as "an educational method by which systematic learning and action goals are accomplished through the group planning and action of people living in a given immediate or local social environment. The purpose is to equip them to maintain themselves and their environment in a state of continuing adjustment to change; it means development of the environment economically or non-economically whatever concerns or should concern the people."

The U. S. Agency for International Development has defined community development as "a process of social action in which the people of a community organize themselves for planning and action, define their common and individual needs and problems, make group and individual plans to meet their needs and solve their problems, execute these plans with a maximum of reliance upon community resources and supplement these resources, when necessary, with service and materials from governmental and non-governmental agencies outside the community."

Community development is not a movement which seeks to steer man and society safely up the road to Utopia. And let us hope that it is not a tool which now may be employed to bring up from the grave the traditional, secure way of life known to our parents and grandparents in the small towns and countryside of bygone days.

Rather, the applied social scientist looks upon community development as a social and psychological condition which develops locally when people come to appreciate the common problems, values and goals which bind them together. He looks upon his work with local communities primarily as an attempt to advance effective relationships among the functional units in the area to solve common problems -- thus, to make more effective adjustments between person, family, community and larger society, leading toward their desired ends.

#### Certain Assumptions are Essential

No work on community development can be successfully undertaken with courage without also having in one's framework some broad assumptions to undergird method and content. Some such cornerposts, as suggested by Dan Schler and others are:

People want change and can change. There is the tendency to assume that all people are contented with status quo, do not want to change and will resist change. Of course, this may seem to be true for some. Surely the preponderance of evidence is not only that the great majority of people as families and communities

constantly change their way of life, but are rather consistently interested in making things a little better even though there often are major forces which lessen motivation or make it hard to work out the new relationships. We have to be optimists with philosopher Hegel, who said, "Man, insofar as he acts on nature to change it, changes his own nature."

People should participate in making and adjusting or controlling the major changes taking place in their communities. This is not to suggest that changes cannot take place without voluntary participation or that collective action is superior to individual initiative. However, studies in all parts of the world verify the significance and permanence of self-imposed change over change imposed from outside. Furthermore, man grows and fulfills himself as he participates in the regulation of his own life, and unless man so participates, he becomes subjected to the whim of forces which leave him isolated and his life meaningless. So it is with the community -- without any sense of participation in or conscious planning of adjustment to changes a community or group of people tends to become disoriented.

The community development idea also assumes that a "wholistic or over-all" approach can deal successfully with problems with which a "fragmented" approach cannot cope. Most of the community problems which extension is concerned with today have multiple roots. Thus, a single specialized or disciplinary approach is often of limited value. A community's effort to cope with a problem often creates those changes in attitude necessary to any successful approach, changes not only among the people but among disciplines and cooperating agencies as well. Thus, the effort to work cooperatively on a problem in its total setting may be the most significant step in the solution of the problem, and this has an accumulative effect which is an important product, too.

We must also assume that people need help in organizing themselves. They must establish relationships among area, functional and interest or concern "communities of interest" to deal with their needs as communities. They need help in this just as many individuals or families require help in coping with their own problems, as suggested by the well-known sociologist, E. A. Ross.

This help required by communities, as with individuals, will be of different kinds. It may be need for refinancing, for advice on road construction or recreational development or school program revision; it may be need for technical economics and other subject matter for use in study and planning; it may be help on development of leadership skills.

Of course, some communities are fairly effective in operating as a community without help, but many would function better if assistance and training were available. Certainly, they should need less help as their own leadership improves in quantity and quality. This ought to be considered one of the important products of community development.

Community development requires adequate institutional structure along with field staff development and professional assistance. Back of all this, of course,

is administrative attitude and understanding. All of this leads us into our next and main sections.

### Program Content in Community Development

The institutional structure for community development is governed by what one conceives as its program content and elements. Here are main types of community development, classified more or less in terms of content and scope:

1. The accumulative-fragmented project type program. Much of our traditional extension work is of this type, and many people hold that this type of community development is enough -- an adding together of many separate pieces operated or attained separately. This is the idea that any single improvement, made by any single person or part of the community, such as a new barn on a farm or a new bridge on the road, is community development.
2. Primary subject area-special interest type of program. This is a somewhat broader program than No. 1. It is built around various special group interests or community interests, such as improved dairying or recreation in the total area through the work of a given organization set up for this purpose.
3. General discussion type programs to stimulate community and area study for economic and human development and encourage follow-up local action with or without additional state leadership and assistance. Examples are the self-administered discussion study group and "Challenge" or "Advance" type programs of Ohio, Iowa, Pennsylvania and North Carolina.
4. A community counseling service type of program. This is based on special requests as they arise from scattered communities, usually including spot case-community counseling or some service rendered. For example, going to a community once or twice to advise or assist with some special problem.
5. Promotion of overall community improvement associations or councils. These may serve primarily as a tool or channel through which extension and other agencies may better serve the people of certain local areas and by which the people may achieve certain goals or accomplishments by more united action.
6. Same as No. 5 except that it involves a county or area orientation beyond the "local" community. Specific projects deal with broad major concensus, based on studies of situations, involvement of needed professional resources and development of local leadership for the self-powered solution of problems. It also includes public sponsored area economic development programs.

The first decision a university staff has to make is which one of these general directions it wants to go -- what type of content it wants to emphasize. Of course, what is done in any one state or area may be, in some degree a combination of two or more of these types.

Some people still think that community development means only economic growth and that everything else is pitting. Some also hold that the fragmented project idea is enough, for in the long run it all adds up to community development. Still others think of community development in terms of improvement other than economics, such as health services, roads and beautification. But more and more public leaders and scientists are thinking of it more broadly. They are thinking of it in terms of community group action on community problems. This need not necessarily require total concern of all families in all things. Figure 2 illustrates the idea of community development maturity. Fragmental activities diminish as the community idea grows.

Do you want to continue mainly along the lines of No. 1 and No. 2 with a little along No. 4, perhaps just enough to get by? Or do you really want to go further in the direction of No. 5 and No. 6, and gradually orient all extension work of the university into a broader overall community approach? Or can you do both? Is it necessary to combine them into a single program built upon a single county program-planning setup? Or are both feasible, built around different county planning operations? Questions such as these have become crucial for several state extension services which have gone the farthest toward setting new patterns for work in community development under unified extension.

Actually, much of this problem boils down to two basic questions: which people do you want to serve and why? Once having made the decision on these questions it would be assumed that the program content would relate to the felt needs of the people to be served. If these were both farm and nonfarm people, this would mean a program strong in common overall community economic and living problems. In fact, it is this trend toward a wider audience that is leading extension, sometimes almost forcibly, toward community development types of programs.

The question "why community development" has tremendous underlying importance. If staff members have a sincere feeling toward the need for and goals of community development -- toward tackling the major problems affecting the economic and social welfare of the people of the area served -- that is one thing. But if not, then there is danger in being too much concerned about the structural patterns too soon. You have to "sell" the why and the how.

But once the decisions are made to go more toward an overall community oriented route, the basic administrative tasks are primarily ones of (a) providing for the essential interdisciplinary involvement and (b) providing for staff understanding all down the line, beginning at the top. Both of these relate to structure, to which we now turn.

Main Types of Structure for Community Development  
in the United States<sup>2</sup>

1. Community Improvement Clubs or Councils in Cooperative Extension. This involves one or more specialists (in several cases trained rural sociologists) with emphasis on promoting and improving the organization of small community improvement clubs or councils in the counties. This program generally includes a contest feature, operated in cooperation with business and industry groups. Overall community improvement clubs are formed, with officers and project committees to which all the people belong. This type is found throughout the South. In some states it has been in operation over 20 years, and today 300 to 1,000 communities are so organized in most of the southern states. The extent and quality varies according to the interest and abilities of the county agents and the district supervisors. The program is basically sound, has proved successful and has accomplished much. But it needs strengthening throughout the region, with emphasis on getting into broader, deeper programs and staff and leader training.

It is primarily a better channel through which extension programs reach otherwise not-so-well served families and a means for achieving certain community-type improvements beyond the direct purview of extension subject matter. Some form of county and area organization of the program also is found in some of the states. In North Carolina this functions as the "official" RAD organization. The local clubs and area organizations have proved very effective in strengthening the agriculture and industry of the areas, greatly increasing community leadership and pride, improving community services and beautification, and building relations among resources and programs. Because of all this progress they have been indirectly influential in attracting industry to these areas.

A special variation of this type is the chamber of commerce type of area development setups found here and there, such as those at Ashville, North Carolina, and Tupelo, Mississippi. Extension is an important sponsor and there is emphasis on agricultural improvement and community improvement clubs. Professional assistance is provided by the county agents and a regional fieldman employed by the area development associations (chamber of commerce).

2. Department Centered Program. Here community development is mainly a part of extension rural sociology and/or agricultural economics of the respective land-grant college, with the community work of the department being limited mainly to minimum case-community counseling and involving or building relations with other agencies concerned with programs of "community welfare." Such efforts are under way in New York, Pennsylvania, Ohio, Wisconsin and Washington state and some other states. This type of approach represents a good beginning, but is far from adequate to meet today's community development needs. In some states it includes the extension education work with county planning and zoning commissions.

More recently this department-centered type of limited program in some states is

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<sup>2</sup>/The reader should bear in mind that these descriptions are very brief and based on only rough first-hand knowledge by the author, to convey the general ideas only. Additional ad lib comments were added throughout presentation of the paper and in the discussion period.



greatly assisting or having major leadership for the more general economic development work and RAD-type work of extension in the university. (By 1963, Iowa had developed an excellent program of this type, calling it "Resource and Community Development.")

3. Bureau of Community Development in General Extension. The main program here is intensive case-community counseling by one or more trained staff members having a community process-adult education and social work orientation. Outstanding examples are the University of Nebraska, University of Missouri, University of Michigan, University of Washington, University of Wisconsin, University of Utah, University of Kentucky and the University of Southern Illinois and what was in operation at the University of Missouri but is now a part of over-all extension there as described under type No. 5.

These have become quite extensive programs in some states and are beginning to be so in others. A field force of one to four or five community development specialists is employed to carry on the case-community intensive study and counseling type program with a limited number of case-communities each year. Usually this work has grown out of general extension correspondence courses and night school courses for credit, located in various places in the state. It was only natural to add a community advisory service, which has grown quite large in some of the state universities.

In almost every case such work is done with local communities apart from Cooperative Extension. In one or two states there is a kind of gentlemen's agreement between the two, the one taking the larger town-centered and city communities and the other the more rural-type communities.

4. Broad Cooperative Extension Program Planning or Program Projection. This has become involved in programs of community development, but on the whole, to a minor degree except perhaps in a few states. In most states emphasizing "program projection" approaches, some counties have committees on community development in county program planning, but frequently there is not enough state and county staff leadership to help them decide what to do and how to develop meaningful programs.

However, in some states Cooperative Extension is working intensely on the development of county program building committees or development councils, which serve as the county RAD group as well. The trend is to try to get on a one-group basis, rather than having several overlapping county program planning groups. Some notable examples to date are Texas and Arkansas. The county and area organization of the community club program serves in somewhat the same way in North Carolina. In Colorado county community development councils are being emphasized, but they have not yet generally replaced extension county program planning groups.

5. Consolidated All-University Extension Service. This involves intensive case-community counseling service in development with several area-located specialists, working through the county extension offices. The University of Missouri and Utah State University at Logan provide outstanding examples of this type of structure.

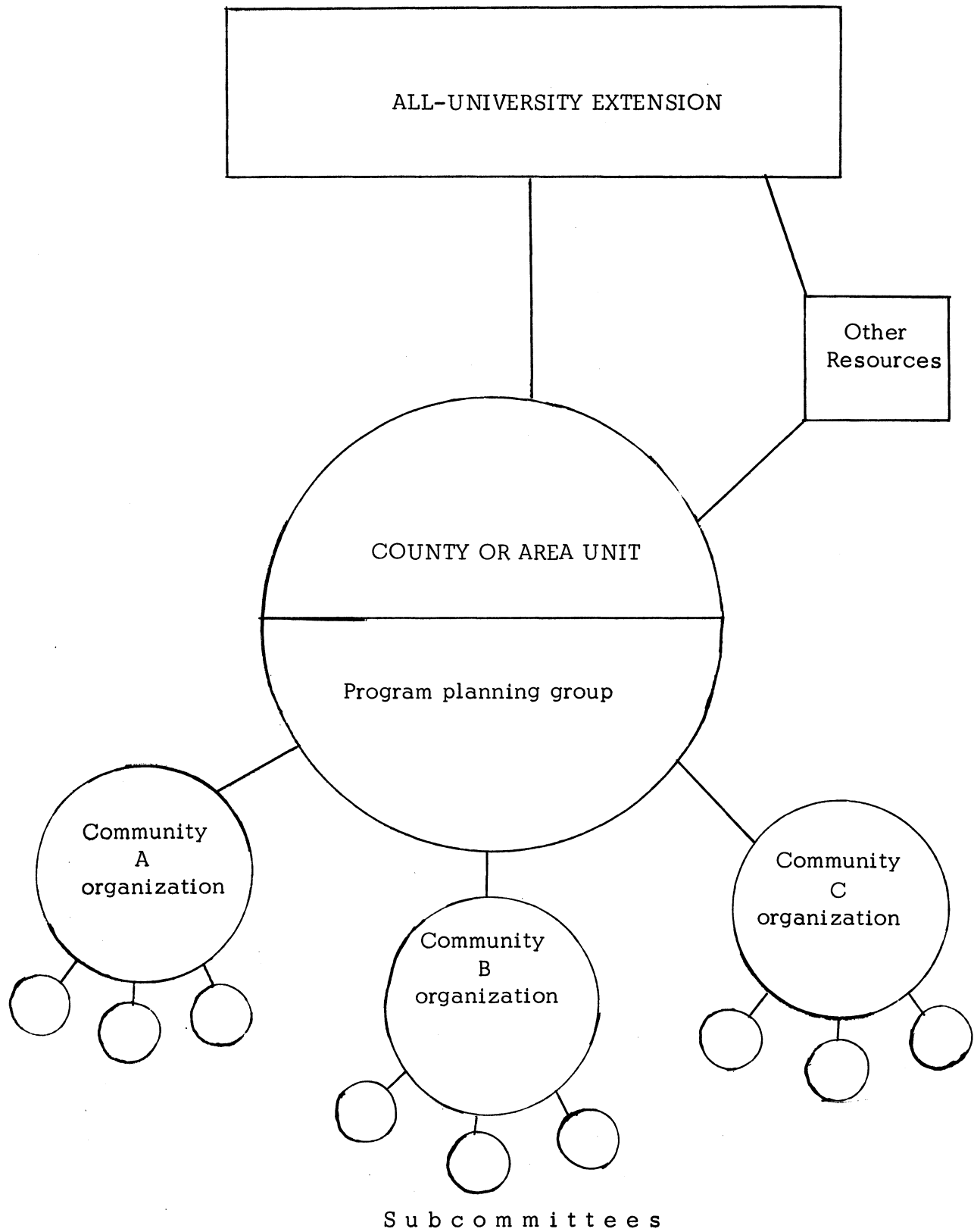


Figure 3. A sketch of possible future extension.

The two extension services in each institution are tied together under one director, with the goal of developing a more or less completely unified single extension system from which will emanate all the field services and non-resident campus services of the various colleges of the respective university.

This is a truly significant pioneering effort in what may portend to be a common pattern of the future. Both states are going at it fairly slowly, and marriage has still not brought about complete integration of programs. Problems of county cooperative extension staff development and of revising county program planning still are to be solved. Administrators are now raising the question as to whether there needs to be a single unified program at the county level -- perhaps separate approaches locally but united administratively for maximum use of resources is enough. Presumably there certainly needs to be at least correlated planning and wide staff involvement.

Several other state universities have more recently unified extension administration at the top, but programs and operating structure are yet to be developed. West Virginia University has gone a long way toward extension unification and broadening of the total services of the university to the state, centered around general economic-social development related to the special problems of Appalachia.

#### 6. Coordinated University Field Services -- Resource Development Program.

This is what Michigan State University has in the Upper Peninsula. There is a central area office, staffed with a director and a number of subject specialists including one on community organization. The main three elements coordinated are Cooperative Extension, the Institute of Community Development and Services of the Continuing Education Service and other colleges of the university beyond agriculture. The institute is a research and advisory resource housed in the university at East Lansing. It is drawn upon for assistance by the area extension office. This area program also stems from and relates to the USDA Rural Development Program. The county resource development councils and special agents are the center of the total county extension program. Both "extension services" are under a vice president for extension.

Local program development still centers in the usual county extension offices with the rural resource development committees and extension committees. But these groups are taking a broader and deeper look than before, then drawing upon various resources as needed through the area office including especially the Institute of Research and Advisory Service of the Continuing Education Service of the university at East Lansing.

The Michigan State program seems to be more of a coordinating type program, while the programs of Missouri and Utah State represent more nearly consolidation or integration. The Michigan State program has not yet progressed very far in other sections of the state outside the Upper Peninsula.

A variation of this type is the Eastern Kentucky Area Development Program sponsored by the Kellogg Foundation and the University of Kentucky. Like the

Michigan State Upper Peninsula Program, the Eastern Kentucky Area Development Program is under the immediate supervision of the State Cooperative Extension Service, but is sponsored and serviced by the entire university on an informal coordinated service basis. There is an area central staff of specialists, particularly including fields supplementary to extension, such as career guidance, youth organization, community development, industrial development and forestry and wood utilization. Other agricultural subject matter specialists are doing intensive work adapted to the area. The trend is toward having a single county committee or council giving leadership to "regular" extension and RAD type programs together. An area steering committee or council is in process of formation. So far, the program does not include much community development orientation below the county level, but more of this is in the offing.

7. University-Wide Interdepartmental Coordinating Community Development Committee. A good example of this is at the University of Illinois. It works with case-communities, drawing upon whatever university or other resources which are needed for assisting local groups with the necessary studies, planning and action projects. One big job has been special study and plans for a Wabash Valley area program in cooperation with what is known as the Little Wabash Association. This project has been inter-county and even inter-state in certain phases.

But most of the Illinois program consists of assisting case-communities or counties with special problems, such as on school reorganization, church reorganization, main street business improvement, land-use zoning and the like. The extension specialist in community organization has been chairman and more or less executive secretary or key contact resource person of the committee, but this position moves about somewhat from year to year. He takes the lead in involving whatever resources of the university which are needed to handle the problem brought to the university by a given community. It is a clearing-house type of program.

8. State Inter-Agency Organization. It is such as the Wisconsin Community Organization Committee and the Iowa Council for Community Improvement. These groups serve to provide overall state leadership of ideas, program content and interdepartmental staff development. For example, among its activities the WCOC sponsors annually a three-day professional workers conference on community development and leadership for selected staff members of various agencies and organizations, including their top administrators, in order to facilitate cooperation locally. It has also published a bulletin on the what and how of community councils.

State inter-agency approaches such as this serve several useful purposes, but they do not operate locally as an organization. Their impact is made through the various agencies that may be involved. They do require continued leadership. State extension rural sociologists usually play key roles in such groups, including general direction.

9. Development Programs of Public and Quasi-Public Agencies. Such agencies include state and local development departments or commissions, zoning boards and the like. Actually, in most cases these are not overall community development

programs as such but rather are resources to be drawn upon for help in dealing with certain aspects of community development, such as with industrial development, outdoor recreation resources and county-suburban land-use planning and development.

However, here and there, a state industrial development department encourages and assists overall development studies and planning and promotes and assists the organization of local development councils for doing the same. A good case in point is Utah.

The U. S. Department of Commerce has just completed a compilation of the extent and nature of state development commissions around the country which is available upon request from the department.<sup>3</sup>

This study shows that during 1960 all 50 states and Puerto Rico spent a total of \$39,000,000 on development and planning to promote economic growth in local communities. Of this total, 29.2 percent was spent on industrial development, including industrial location, economic research and industrial advertising; 27.1 percent on tourist promotion; 11.1 percent on state and local planning assistance; 30.8 percent on general administration relating to all programs and .75 percent on what is called community development, which includes mostly general guidance service to local communities on miscellaneous problems other than industrial and tourist promotion. Total expenditures ranged from less than \$50,000 in some states to over \$7 million in Puerto Rico, an average of \$384,000 per state. However, there was much variation among the states, many not spending anything or very little for certain fields.

There is little emphasis in such programs on community development as a process and method. Major emphasis is on economic things such as getting new industries and promoting tourism. A few state economic development commissions do have programs for helping areas or communities study and plan for improvement and are promoting local development organizations to do this. Utah provides a good example of this kind of state government program.

10. Privately Sponsored Community Development Programs. Examples are those of the United States and state chambers of commerce, the National Grange and the General Federation of Women's Clubs.

The state chambers of commerce are important units promoting and assisting community development, but in general, they do not operate programs as such. However, the U. S. Chamber of Commerce is encouraging some, especially with respect to city and town economic development. It has guide booklets to help towns or cities study their situations and plan projects of action. Several state chambers of commerce do have somewhat elaborate "Main street improvement" type programs (Kentucky, North Carolina, West Virginia and Indiana). Some

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3/State Expenditures on Planning and Development in 1960. David K. Hartley.  
U. S. Dept. of Commerce, Office of Area Development. Area Trends Series No.  
6. February 1961. Printed. p. 11.

state chambers of commerce sponsor state-wide conferences on community economic development. In addition, the railroads, public utility companies, cooperatives and other private industrial groups also devote considerable funds and manpower to general industrial community development in some places.

The National Grange program is a nationwide rural community improvement contest, with 10 national prizes, ranging from \$10,000 to \$1,000 for the national winners and smaller prizes for state winners. Usually several hundred communities compete in this contest each year, but the program is almost entirely Grange operated, locally. It draws upon what resources are needed for specific projects. The contest of the General Federation of Women's Clubs is somewhat similar, but tends to be a little more town and city centered. Usually the winning communities feature two or three particular projects in a given year; it is not overall community development as previously defined.

All of these types of community development programs can be more or less classified into about four main types and as being intensive or limited in nature. But at the same time one has to keep in mind the nature of program content because this also affects problems of structure. The classifications are:

	<u>Intensive</u>	<u>Limited</u>
Primarily university department operated	_____	_____
Primarily cooperative extension operated	_____	_____
Primarily university-wide under unified extension	_____	_____
Cooperative with other agencies	_____	_____
Private organizations		
State government		
Other universities		

There is no limit to what a community can do if it wants to. When led by the people themselves, a small scale achievement may be truly community development, while large changes added singlehandedly from outside is hardly so. Thus, the extent and quality of the community action process is the basic ingredient in defining and achieving community development in addition to the subject content "things" achieved.

Crucial Elements in Summary

1. What do you want the content and nature of community development to be? Administrative certainty about this is a first essential.
2. Why be concerned with community development -- the basic problems or concerns of people in a broad orientation? Unless there are pretty strong staff convictions to want to go in this direction, there is little use in trying to devise and push certain structural and procedural patterns.
3. What are the primary competencies required which will help devise and implement program? Are these competencies available and administratively organized to make their best contributions?
4. Provision for across-the-board work, interdisciplinary involvement is crucially essential.
5. Consideration of the nature of existing county extension program planning and what revisions and relationships in it to community development are needed in order to provide for expanding work in community development.
6. Speed of implementation desired; shall it be blanket statewide adoption or on a selective basis in places where some readiness and potential already exist?
7. Existing degree of total extension-university staff understanding and education in community development; when and how is this to be developed?
8. Understanding of community development on the part of cooperating agencies and groups, with continued staff education and communication among them.
9. Additional personnel needed -- numbers, competencies.

One unified all-university extension with all programs centered around community action and development -- this will tend to become the framework of the extension of the future.

## DELINEATING THE AREA

by Karl A. Fox<sup>1</sup>

The topic on which I have been asked to speak sounds disarmingly simple. Any administrator who takes responsibility for improving something would like to have a precise definition of what that something is. In today's context we would like to be able to draw a sharp line around the borders of "our area" that will distinguish it from all others. In effect, we would like to pick "our area" right up out of the map and run with it. And after ten years of hard running, we would like to be able to point with pride at two comparisons -- (1) how much better our area is than it was ten years ago, and (2) how much faster our area has improved than the areas on either side of it.

I wish I could present you with simple and self-evident truths that would enable you to do these things. But on digging into the subject, I find myself in the position of Stephen Crane's "Wayfarer":

The wayfarer,  
Perceiving the pathway to truth,  
Was struck with astonishment.  
It was thickly grown with weeds.  
"Ha," he said, "I see that no one has passed here  
In a long time."  
Later he saw that each weed  
Was a singular knife.  
"Well," he mumbled at last,  
"Doubtless there are other roads."

But I do not mean to be pessimistic. Although we may not find what we set out to look for, we may find something even better. At the least I believe I can demonstrate that many of the boundaries currently being used to define the jurisdictions of area development committees are wholly inadequate. By far the most prevalent mistake is in choosing an area that is too small for success. In most cases the objectives of such narrowly based programs are "unattainable insofar as they are desirable and undesirable insofar as they are attainable."<sup>2</sup>

I shall try to converge on my topic from two different directions. First, I shall start out with our national economic goals and see what implications they may have for the delineation of logical areas. Second, I shall start with the

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<sup>1</sup>/Head, Department of Economics and Sociology, Iowa State University.

<sup>2</sup>/The statement in quotes was originally made by Joseph S. Davis in connection with a major program of the 1930's.



characteristics of individual economic units (consumers, workers, business firms, local government agencies, schools and the like) and see what implications these have for the delineation of an appropriate area.<sup>3</sup> In this process, I believe the general size and shape of an appropriate economic area will become clear.

### Economic Growth Without a Spatial or Area Dimension

Let us try to visualize an economy which has no significant area problems and, in fact, no significant geographical area. For example, suppose we draw a circle of 25 miles radius around the center of New York City and assume that the 20 million or so people living within this circle constitute a sovereign and independent nation.

Would such a nation still have problems of economic growth? Most assuredly. Each citizen would want to maximize his consumption of personal and public goods and services from any given amount of effort -- for example, from a 40-hour work week. If the GNP of this nation could be increased 10 percent by improving technology, by shifting labor and capital from one industry to another, or by improving the public school and vocational training systems it would certainly be wise to do so.

We assume the whole nation -- call it Urbania -- to constitute a single labor market with a single central business district and a rapid transit system such that without changing his address a worker could commute to any job in Urbania. Every citizen would have some interest in the quality of the national school district, the national school board, the national transportation system, the nation's cultural and recreational facilities and its master plan for urban renewal. Decisions with respect to allocating the nation's total resources between private goods and public services should become quite clear, as all citizens would have a chance to observe and make use of virtually all public programs and facilities.

Without laboring the analogy further we can see that most of the problems and opportunities of economic development would exist in a nation which constituted a single labor market and included a single central business district. What additional problems appear when the national boundaries are extended far beyond the range of the most zealous commuter -- to the size of the United States?

We start out, then, with an economy in which the geographical distribution of natural resources differs from the distribution of ultimate consumers. The cost of reconciling these two distributions is transportation. In the first instance there are the costs of transporting goods (farm products, forest products, minerals) to

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<sup>3</sup>/Schools, fire engine houses, and police stations are not generally thought of as economic units. But they use resources; they are subject to economies of size; they can be operated efficiently or inefficiently; and (ideally) school principals and fire captains try to provide maximum service within the limits of the budgetary and other restrictions placed upon them.

consuming centers. There are the costs of transporting people (tourists) from consuming centers to such natural resources as scenery, beaches and places in which to hike or ski.

In addition, there are the costs of transporting people (workers) one way from their current area of residence to an area in which they expect to earn more money or obtain greater total satisfactions. Similarly, there are the costs of one way "movement" of plant, equipment, public utilities, post offices and housing when one area suffers economic decline and another experiences economic growth.

In the long-run sense of what economists call "general equilibrium" theory, wage differentials between areas in the United States should be no more than sufficient to compensate for the cost of one-way migration between them. For a young, single man this cost might amount to \$100 or so, and for a married man with children and furniture to \$500 or \$1,000. In either case, this one-time expenditure could hardly amount to more than 1 percent of a worker's expected lifetime income. On this basis, the lowest "equilibrium" wage level in the United States should be no more than 2 or 3 percent below the highest. (I am making interarea comparisons here for workers of precisely the same basic intelligence, education and occupational skills.)

Transportation costs may be involved in interarea movements of capital. Machinery could be removed from a plant in one area and transported to another area. But for the most part capital can be transferred from one region to another without incurring transportation costs.

To see this let us assume that \$100 billion worth of capital (plant, equipment, houses, streets and utilities) are concentrated in a 25-mile circle somewhere in the East. Suppose further that precisely \$5 billion worth of this capital wears out and has to be replaced in each year. Over a 20-year period we could "move" the entire \$100 billion worth of capital to another circle of a 25-mile radius in (say) the Nevada desert by the simple process of not replacing worn-out plant and equipment in the East but rather installing \$5 billion worth of new plant and equipment in the West. At the end of 20 years there would be a worthless heap of junk in the original circle and \$100 billion worth of capital in the new one. (I leave out the subtleties of accounting arithmetic to keep the illustration simple.) The cost of assembling building materials and machinery at the new site could be either greater or less than at the old one. The cost of construction labor could also be higher or lower. In this long-run equilibrium sense there is no need for large interarea differences in the prices of capital goods or in returns on investment generally.

We have now let geographic considerations into our scheme of things, albeit in an abstract manner, and the result is frustrating -- it appears that no sharp lines need to exist between economic areas so far as wage differentials and differential returns to capital are concerned. Instead, all this exercise leads

us to expect or to condone is the gentlest of income gradients, sloping almost imperceptibly from swales 1 to 2 percent below the national average to swells rising to 1 to 2 percent above it. No part of the country could then be singled out as a depressed area in need of special development efforts.

The case for economic growth would remain essentially the same as it was in our hypothetical nation of Urbania. There would be regional diversity in the types of products produced, arising from differences in resource endowment. These and other factors would also influence the distribution of population. But the movable factors of production, labor, capital and management should be as well off in one area as another.

In the real world of 1962 we do have large income differences between areas. These differences reflect a whole complex of factors, such as differences in birth rates or labor force replacement ratios, limitations on interarea mobility of labor, specialization of capital and labor to produce the wrong goods and services, differences in the average quality of labor (education, kinds and degrees of skill, average age, health, etc.), differences in average sizes of firms in industries characterized by economies of large scale and differences in the average level of managerial ability. (The last two elements may be important contributors to the higher average rates of interest on farm and business loans which prevail in lower-income areas.)

If several of these factors were all favorable to one area and unfavorable to another, a substantial difference in the average income levels of the two areas could exist even in a perfectly functioning free enterprise economy. Such an economy rewards factors according to the value of their contributions to production.<sup>4</sup> Poor managers will get lower incomes than good managers; so will poorer qualities or less effectively used quantities of other factors.

In brief, our attempt to start out with a spaceless economy and then add space has given us no basis at all for drawing a line around a particular area and saying, "This one is ours to develop." And if we did draw an arbitrary line around some area and tried to raise the return to labor in it above returns in the surrounding areas, workers would flow in from these areas and limit the relative wage increase to a minuscule percentage.<sup>5</sup>

A mathematician once pointed out that if you discovered a creature -- call him a Flatlander -- who existed only in two dimensions, you could imprison him forever by drawing a circle around him with a lead pencil! But flesh and blood people exist in three dimensions; they will step across the line.

We must try a different approach to delineating economic areas.

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<sup>4</sup>/I short-circuit a technical statement of marginal productivity concepts.

<sup>5</sup>/The absolute wage increases in all the areas (assuming the adjustments lead to greater productivity) are, of course, well worth having.

### Delineating the Area

Our second approach will start with the individual citizen-worker-consumer and proceed through successively larger units until we find what seems to be a reasonable stopping place. I have not read much of the professional literature in this field; so the experts here may find my terminology a bit homely and imprecise.

Here again I would like to start out on an abstract level. Suppose that, for the sake of an experiment we are provided with as much area as we need (up to 10,000 or 20,000 square miles) and can borrow as many people as we like (up to 100,000 or even 1,000,000). We assume that such people as we need will be drawn at random from the United States population. Therefore, we can assume that they will have gone through our public school systems, read newspapers and magazines, watched television, and shopped in supermarkets and will have pretty definite notions about how to spend their incomes. In fact, let us assume that the people we borrow will bring their incomes along with them.

Thus, each person brings with him a set of wants for private goods and public services and a predetermined amount of income to allocate among them. Our problem is to design an area economy of sufficient size and complexity to satisfy these wants efficiently. The next stage of the argument must be based upon (1) the economies of size of individual firms or public enterprises and (2) the "threshold values" or minimum sizes of population at which it becomes profitable for someone to supply a particular kind of good at all.

1. Economies of size. In every industry there are different ways of organizing work crews, physical equipment and supervisory personnel to run a plant and turn out a product. For example, I read a research manuscript a few months ago which presented cost curves for broiler processing plants of ten different sizes and layouts. For any one of these plants, the average cost per unit (out-of-pocket and overhead cost combined) would decrease as the volume of output expanded until the engineering capacity of the plant was approached. However, the low-cost point for the largest plant considered was considerably below that for the small and medium-sized plants. Given an unlimited supply of broilers available to each of the plants at the same delivered cost, the largest plant would clearly be more profitable than the smaller plants and would out-compete them. However, it would not have been possible (with known technology) to reduce costs much farther by building a still larger plant.

The food supermarket is one of the most important enterprises for satisfying consumer needs. Marketing experts in this field give me the impression that a supermarket needs at least \$1,000,000 of gross sales a year and probably \$2,000,000 to achieve most of the potential economies of size for this type of enterprise. As an average family of three spends about \$1,000 a year for food, the larger figure would require a minimum of 2,000 customer-families or 6,000 people.

Werner Hirsch suggests that, since fire engines should be close to fires, there is no point in building a fire station larger than would be needed to protect 4,000 or 5,000 homes. In a large city, it is true that one can spread the costs of a fire chief and central office help among two or more engine houses. But after these overhead costs had been spread among four or five fire stations, the economies from further spreading would be quite small.

Another important institution is the public high school. The state of Iowa requires a high school to have at least 300 students enrolled if it is to become eligible for state financial aid. The ability of a high school to provide a variety of subjects and a high quality of instruction in each depends up to a point on the number of its faculty members. When one considers the degree of specialization required for competent teaching at the college level, it does not seem too much to expect that the high school chemistry teacher should specialize in chemistry rather than being spread out over chemistry, physics and mathematics. If you accept what I would regard as a minimum degree of specialization and recognize that some subjects such as English and mathematics will need two or more teachers, we pretty speedily run up to faculties of 30 or more and enrollments of 1,000 to 1,500 students in a three-year program. A community which provided 500 first-year high school students each year would likely have a population of 30,000 or more.

I know very little about the economics of department stores. However, in my limited experience I have not found satisfactory full-line department stores in towns of 25,000 and I have not seen more than two or three adequate ones together in cities of 100,000 or 200,000 population. Offhand, I suspect that my concept of a "minimum adequate department store" would need the level of patronage found in a city of 50,000 or more.

Representative American consumers would want to have within easy access all of the above institutions operating at relatively efficient and low-cost levels. We could name many other services which most of us would like to have within at most a one-hour drive -- a railroad station, an airport, a daily newspaper, a radio station, a television station, and so on.

The need for certain other services within easy driving distance may be more debatable. To lend some academic tone I would like to find in an area at least one four-year college with an enrollment of 1,000 or more students. On the average I suppose there are something like 1,000 full-time undergraduate college students per 50,000 people. I would like to be within easy driving distance of a town big enough to attract what I regard as good movies, to support a good amateur drama group and to attract one or two good concert artists each year. I can get along without a professional baseball or football team.

If "my area" is going to support the other institutions and enterprises that seem important to me, it will probably contain some specialized services to the businesses I would like to patronize -- firms selling office supplies and furniture and a few wholesale distributors. I would like to have a good hospital within 30 minutes if possible, and I have become partial to dealing with groups of doctors organized on a clinic basis.

In brief, I have convinced myself that I would prefer to identify with an economic area that contained 100,000 people at the very minimum -- preferably 250,000 or more. I would like "my area" to include a good daily newspaper with a staff large enough and paid enough to present some independent editorial opinion which would help me to identify important developments in the area and the impact of external forces upon the area. I do not require an editor I agree with but I would like to hold out for one I can respect.

To provide all these amenities I think my area must contain a central city of at least 25,000 people; the amenities would be more likely to exist in a central city of 50,000 to 100,000 or even more.<sup>6</sup>

I don't know whether I am convincing you, but I am beginning to convince myself. As I look at a map of Iowa with its 2,800,000 people and 57,000 square miles of area, it seems to me that I can divide it into something like 12 areas. Three of these areas have metropolitan centers of 200,000 or more, three of about 100,000 and two of about 50,000; four have central cities of 25,000 to 35,000. There are five other cities in Iowa (not counted as part of the 12 metropolitan cores or central cities already mentioned) of 20,000 to 35,000, but it seems to me that they are economically tributary to various of the larger centers.

On the average each of these 12 areas contains a little less than 5,000 square miles, equivalent to a square measuring 70 miles along each edge. The average population per area is about 250,000; the average number of counties per area is 8 or 9, and in general the area boundaries (of which I shall say more later) do not coincide with county lines. The central cities of adjacent areas are rarely less than 50 miles or more than 100 miles apart; 70 miles would be a fair average.

So far we have looked at the area in terms of its ability to supply an "almost full line" of consumer and public goods and services. But consumers are also workers. The distances that people are willing to drive for shopping, recreation and routine medical and dental services are of the same order of magnitude as the distances they are willing to drive to work. Even with a convivial car pool most workers lose their enthusiasm for daily commuting when the time consumed exceeds an hour or so each way. To contemplate more than this puts me in mind of a penal sentence widely used in Great Britain during the early 1800's by means of which she populated Australia -- "transportation for life."

If most of the travel is through open country on good highways, a commuting allowance of one hour each way permits workers to drive to a plant as far as 40 or 50 miles; this is quite compatible with an economic area containing 5,000 square miles or so. It would be true even if the central city were the

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<sup>6</sup>/It may be argued that I have forgotten about the original object of the experiment, which was to design an area economy that would satisfy a representative sample of citizens -- not just myself. To be sure we were pleasing the citizens; we could (conceptually) lay out area economies of several different sizes and patterns, let the citizens reside in each one for a month or so and then vote their preferences. Since we can't perform this experiment, we might watch how people are moving from one area to another and ask them why. Our mobile citizens are "voting with their feet" and a great deal of area promotion is directed toward influencing the vote.

only important center of nonfarm employment; if the area contains satellite towns of 10,000 to 20,000 population or more, a worker living near one corner of the major economic area will likely find a satisfactory job in one of them.

How do I know such an area exists as a meaningful economic entity? Time and space do not permit a long discussion of this. However, I would like to contrast this kind of area with an area which is very frequently used as a basis for rural development activities, namely the county. I shall be thinking primarily of the Corn Belt, specifically of Iowa.

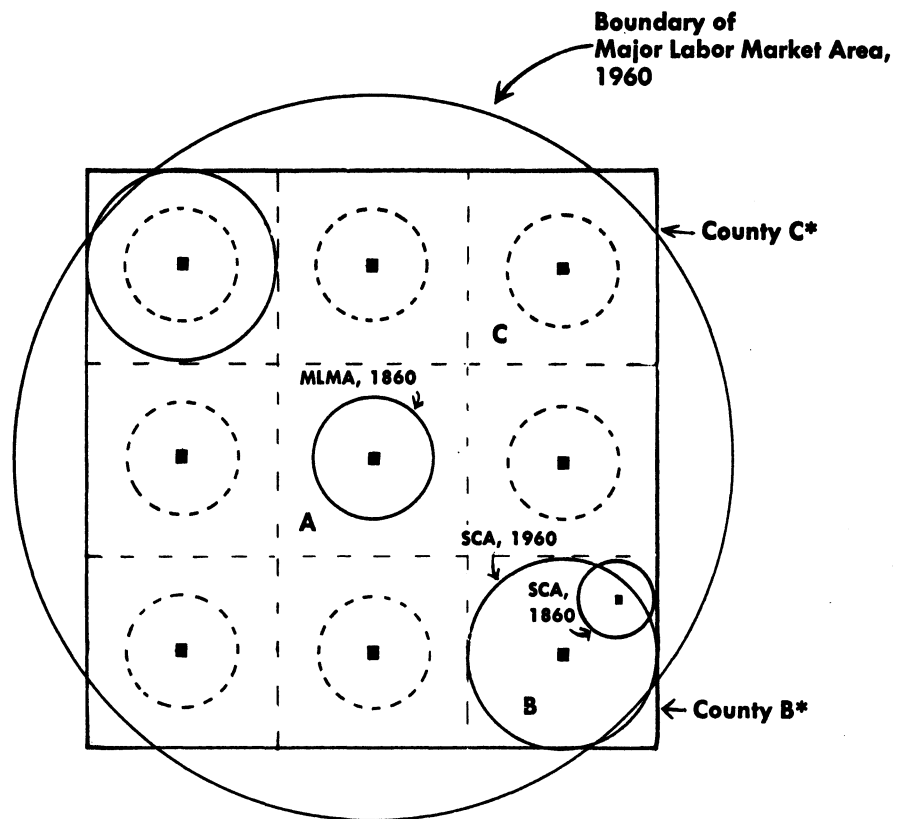
The typical Iowa county is a square 24 miles on an edge, containing 576 square miles or 16 townships. If the founding fathers of Iowa knew what they were about, this size represented as large an area as they felt could be effectively administered from the county seat. One rationalization was that any resident of the county should be able to ride his horse or drive his buggy to the county seat, transact his legal business, and get home in the same day. Commuting to work was not too common in 1860; for pedestrians, a five mile walk morning and night would take as much time as a 50-mile drive does today. For "convenience goods" it would have been inconvenient to walk or ride more than two or three miles each way; today, I imagine most farm and village people would prefer not to drive more than 15 miles to a fair-sized supermarket or at least a superette.

Figure 1 reflects my hypothesis as to what has happened to the sizes of "nearly full-line" or "reasonably self-contained" economic areas during the past century. A permissive fact is that automobiles now drive ten times as far in an hour as was possible with horses and wagons; a propulsive force was supplied by the development of new merchandising techniques which achieved economies of large size and at the same time were able to accommodate rapidly widening product lines. One authority on supermarkets states that a good grocery store in 1928 handled about 800 items, but that by 1957 a good supermarket was handling more than 5,000 items. If we projected backward from 1928, the number of grocery items handled by a county seat store would have been much less than 800.

Figure 2 shows the results of a study published recently. A manufacturing firm located in Newton, Iowa (a town of 15,000 located 30 miles east of Des Moines) permitted researchers to tabulate the home addresses of some 2,300 employees. The rectangular area in Figure 2 is 120 miles wide from east to west and 160 miles from north to south. Some 400 workers commuted daily from more than 19 miles away; 70 commuted at least 50 miles each way. At least 10 workers commuted daily from each of 10 different counties; the areas of these counties would add to more than 5,000 square miles.

It appears that not more than one of the 600 commuters from outside Jasper County went to the trouble of driving past a larger town in order to get to Newton. The "sphere of influence" of Newton was circumscribed by these larger places. It is perfectly clear that no one county satisfies even the daily needs of the 600 commuters. It is clear from other evidence that the people of Jasper County go to Des Moines in Polk County (a city of more than 200,000) for a good deal of their shopping and recreation.

Figure 1. Hypothetical Pattern of Labor Market Areas and "Service Center" Areas, Corn Belt, 1860 and 1960.



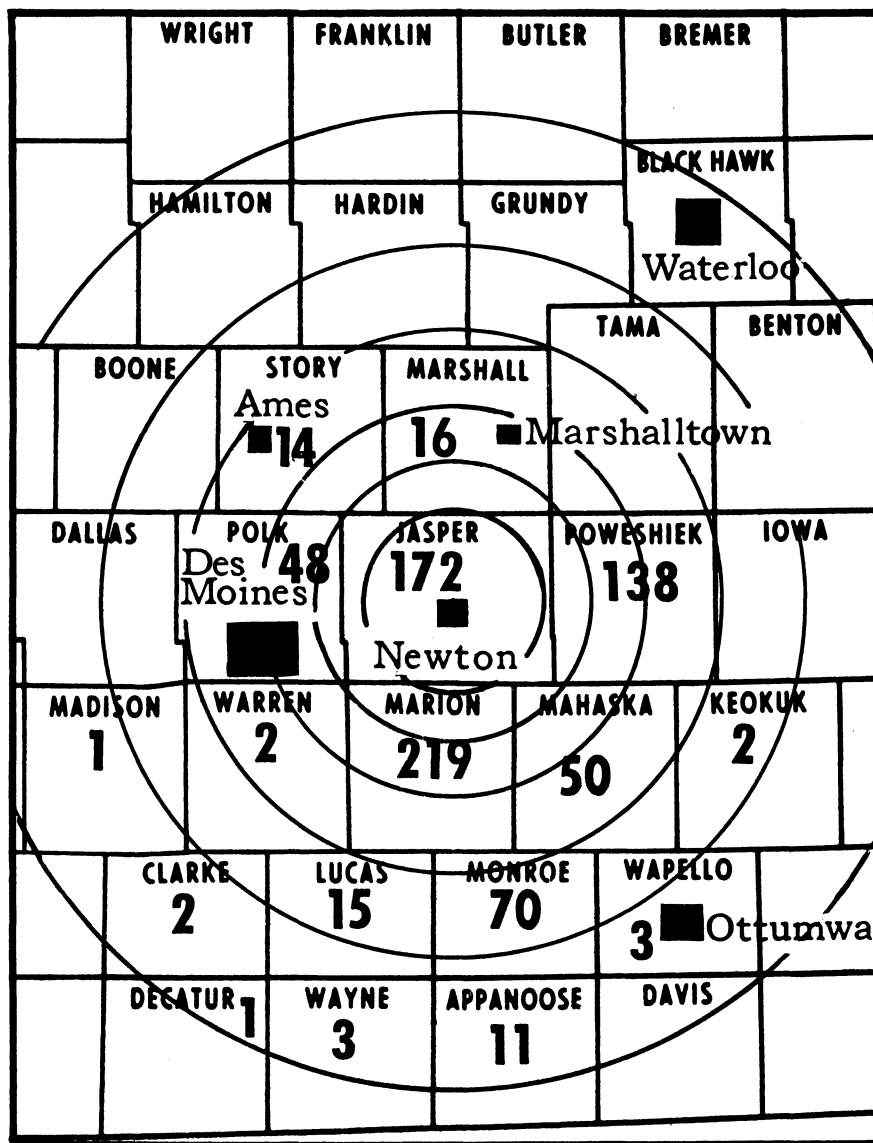
MLMA=Major Labor Market Area

SCA="Service Center" Area

\*Each of the 9 squares is a 16-township county, 24 miles square; county area is 576 square miles.



Figure 2. The Newton, Iowa  
Commuting Pattern, 1959\*



\*Based on C. A. Peterson, An Iowa Commuting Pattern and Labor Market Areas in General, State University of Iowa, June 1961, page 9.

Figure 3 is a more sophisticated and realistic expression of the hypothesis stated in Figure 1. The smallest circles in the Wisconsin sector of the map are the villages, mostly of less than 1,000 people. The next larger circles are typically county seat towns or towns of similar size. The geographer (Philbrick) who drew the basic map from which this one is adapted referred to the villages as "second-order central places" and the county seat towns as "third-order central places."

In the rest of the map I have deleted the smallest or second-order villages and retained only the third- and fourth-order central places. The fourth-order places as classified by Philbrick range all the way from 25,000 or so up to cities of the size of Indianapolis and Milwaukee.

My hypothesis is that a county seat town plus 9 or 10 villages, such as could be drawn in the Wisconsin section, was a relatively self-contained unit in 1860, but that most similarly self-contained areas in 1960 would center around a fourth-order place. The modern economic area would include the central city, a group of county seat towns (plus any others of significant size that have sprung up), and quite a number of villages -- as many as 50 or 100.

Indiana is about 160 miles across from east to west. A square 70 miles on an edge centered on each of the fourth-order cities would cover a large proportion of the Indiana map. A number of these areas would extend across state lines. Offhand, it appears that there may be an economic area north of Indianapolis centering on a city which Philbrick classifies as a third-order place. Philbrick's map does not include Iowa, but it may well be that he would classify as third-order central places certain of the towns of 25,000 to 35,000 population which appear to me to form the central cities of major economic areas.

Figure 4 is the map of a Corn Belt city of about 50,000 people which we shall call simply Center City. The smaller of the two circles has a radius of half a mile and the larger a radius of a mile. The black oblongs are supermarkets, and the cross-hatched areas are industrial sites. There is, of course, a central business district, and the lightly stippled area is residential.

On the average each supermarket in Center City as of 1957 was serving a population of 5,000 or 6,000 -- about 2,000 households. Many of the county seat towns in Iowa have only 2,500 to 5,000 residents; a few counties have no town as large as 2,500. Allowing for a farm and open country population equal to that of the towns, it would be difficult to find room in the smaller towns for more than two fully modern supermarkets.

Obviously the economic base of Center City consists of the industrial plants. If we dispersed the shopping centers and other consumer-oriented facilities in Center City to accommodate farms and farm families rather than factories as the economic base for a total population of 50,000, we would have to spread them over several counties. Now shown on the map of Center City are the neighborhood

FIGURE 3.

CRITERIA FOR THIRD-ORDER CENTRAL PLACES:

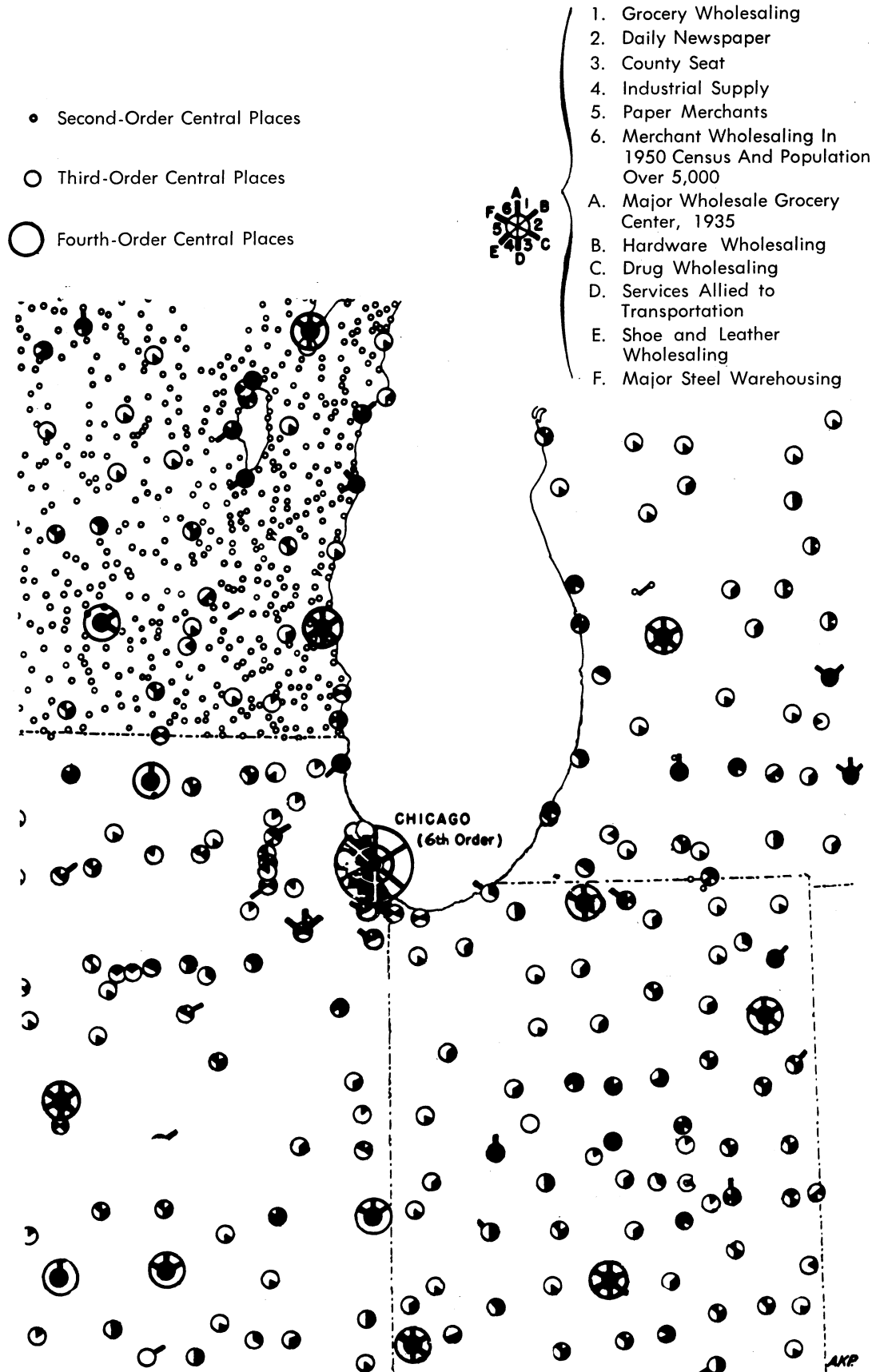
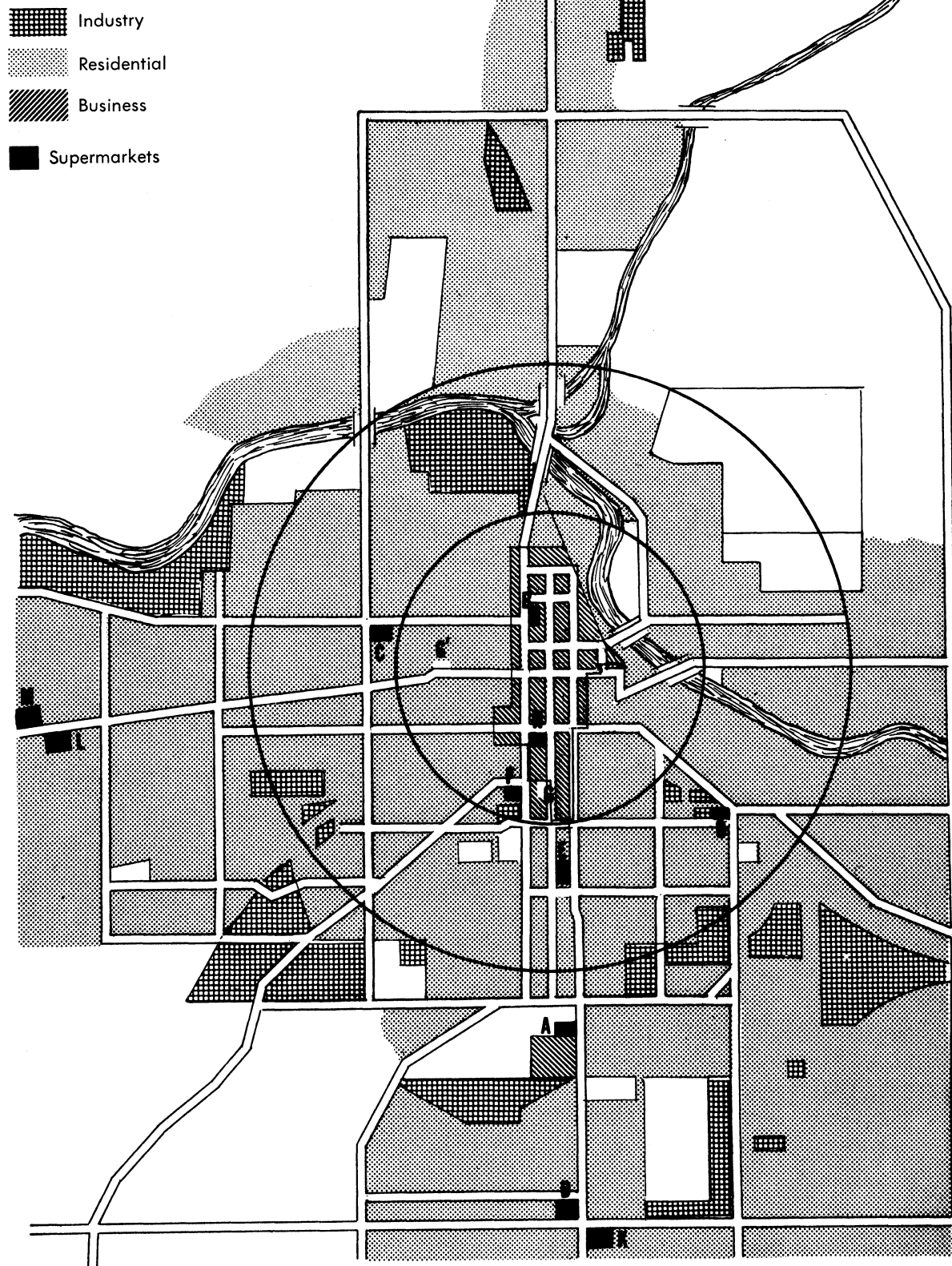


FIGURE 4.  
Map of Center City



Source: Bob R. Holdren, *The Structure of a Retail Market and the Market Behavior of Retail Units*,  
© 1960 Prentice-Hall, Inc. Adapted by permission.

groceries, drug stores and beauty shops. In an economic area based on agriculture these convenience enterprises would be found on the Main Streets of the villages of less than a thousand people.

This analogy between an industrial city and a rural economic area may seem as far-fetched as a statement by a zoology professor that a mouse is like a whale because they are both mammals. Most people in Iowa on whom I have tried this analogy seem to find it enlightening. One could, perhaps, reverse the comparison by representing the business district of Center City with Philbrick's symbol for a fourth-order central place, each shopping center or supermarket location with his symbol for a third-order place and each intersection where two or three convenience enterprises are located with his symbol for a second-order place. (Incidentally, Philbrick's "first-order inhabited place" is simply a house; so we may visualize every dot on the map of Center City as a "first-order place.")

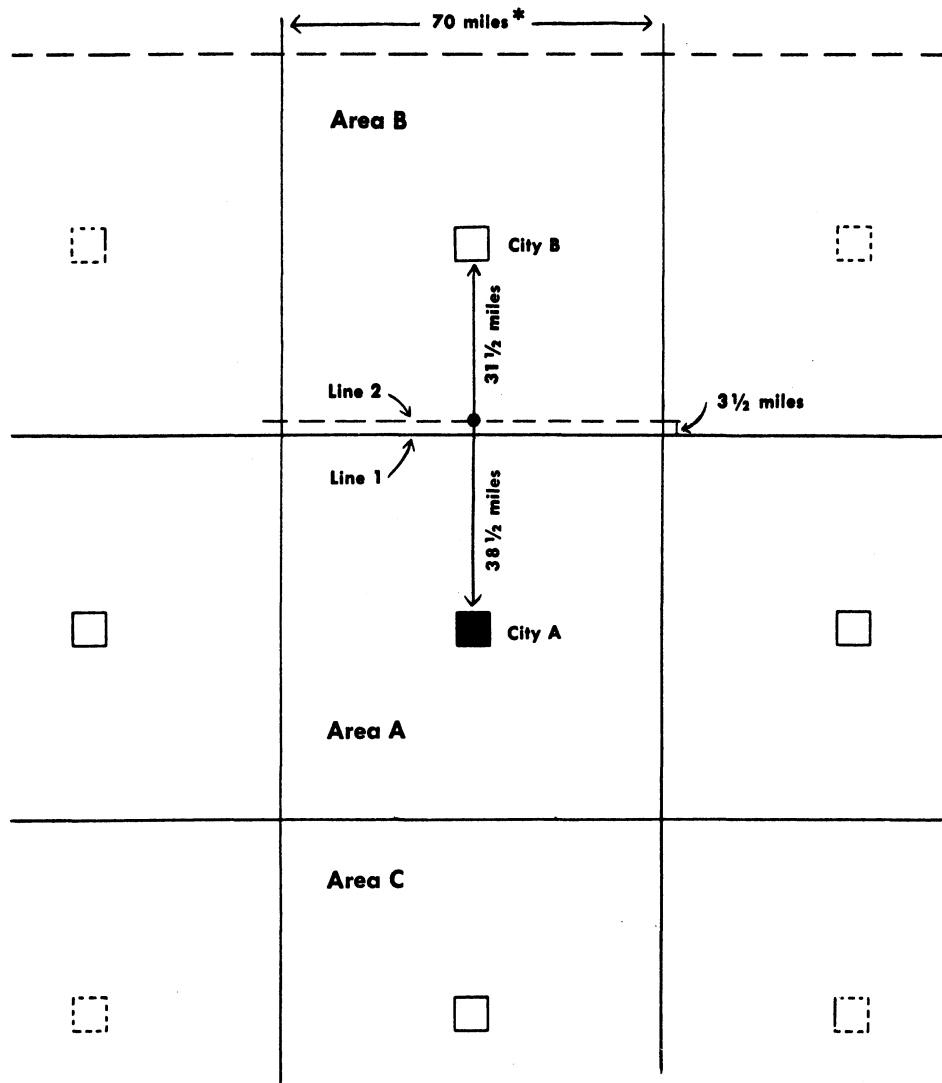
In this section I have argued (1) that most consumer-worker-citizens like to be within an hour's commuting distance of a city of 25,000 or more and (2) that workers are willing to commute not more than one hour each way. If two central cities have the same populations and the same range of goods and services, my hypothesis is that the individual will tend to identify with and patronize the nearer of the two.

I am not an expert on the detailed methods of delineating area boundaries, though I think I have said enough to suggest the general lines along which this should be done. Clearly, we will find cases of workers who will commute 40 miles to one city rather than 30 miles to another. So, we might argue that the "boundary" between two major economic areas is not a sharp line but rather a zone several miles in width. Depending upon the strategy one uses in area development, there may be some jurisdictional disputes about the "shaded area."

In addition to establishing a workable boundary line for the present time, we need to know something about the stability of this boundary line over time. Let me assume here an extremely simple scheme in which there is only one major source of nonfarm employment in each of areas A and B, namely the central cities. We will also assume that the individual identifies with the area in whose central city he works and that he will tend to shop and patronize the other services in that city. It is, of course, possible to conceive of a worker accepting a job in City A (because the wages there are higher) but shopping in City B because it is nearer.

Let us assume that cities A and B initially have the same wage level and the same array of other attractions. The cities are 70 miles apart, and a worker living 35 miles from each would have to flip a coin to choose between them. (See Figure 5.)

**Figure 5. Hypothetical Pattern of Major Labor Market Areas, Corn Belt, 1960.**



\*Rough average of such areas in Iowa. May range from over 100 miles to 50 miles or less, depending on closeness of other cities.

Now suppose that the major employers in City A raise wages in order to expand not only their labor supply but the number of people identifying their consumer interests with City A. Let us suppose that the objective is to extend the area boundary by 10 percent (3 1/2 miles) toward City B. If this is accomplished, a worker living along line 2 will be as willing to drive 38 1/2 miles to City A as to drive 31 1/2 miles to City B. His two-way drive will be 14 miles (and at least 14 minutes) longer if he goes to City A.

Allowing for transportation costs at 7 cents a mile and wasted time at (say) 2 cents a minute, we find an increased cost of about \$1.25 a day. As a very crude approximation it appears that wage rates in City A would have to be raised about 15 cents an hour to accomplish the desired extension of the area boundary. However, this wage policy should produce a similar expansion in each of the three other directions; so the high wage policy might have in total four times as much effect as would be involved in extension only toward Area B.<sup>7</sup>

In practice each area would contain in addition to its central city a number of towns of county seat or "shopping center" size. Typically the boundary between two areas would run through the open country between tiers of county seat towns rather than through the towns themselves. The open country is sparsely populated<sup>8</sup> and most of the workers residing there are committed to full-time or part-time farming. Thus the high wage policy adopted by employers in City A in order to extend its labor market area by 3 1/2 miles into Area B might transfer a labor force of only 250 or so workers from Area B to Area A; furthermore, during the first year or two, the chances are that not more than 70 to 100 of these workers could be attracted away from farming into nonfarm jobs. (I am assuming Iowa conditions; there must be places in the South where the proportion of farm workers detachable would be higher.)

In contrast, if City A could "capture" one county seat town with a population of 5,000 and a total labor force of 2,000, City A might attract several hundred workers into its labor market and away from that of Area B. In general I believe that this would take considerably more than the 15 cents an hour increase in wage rates which we hypothesized as necessary to transfer a 3 1/2 mile strip of open country.

My belief is, then, that the boundaries of major economic areas will be relatively stable for periods of ten or more years at a time. However, they must be checked every year or two to see if some of the villages and smaller towns appear to be shifting allegiance.

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<sup>7</sup>/To be precise, the policy would "notch the corners" of four other areas, so the total area gained would be 4 1/4 times as large as that gained from Area B.

<sup>8</sup>/In Iowa currently, only about four farm workers per square mile.

Area Delineation and the Goals of Area Development:  
Conflicting Views and Interests

So far I have concluded (1) that attainment of rapid economic growth for the nation as a whole will tend to erase area differentials in returns to labor and capital and (2) that areas as large as several Corn Belt counties focused around a sizeable town or city are the appropriate bases for area development efforts. My view is that both the national interest and the combined interest of the residents of a particular area will be best advanced if development programs are conceived and executed on a multi-county basis.

I know that a great deal of promotional activity is based on much smaller units -- frequently on individual towns or villages. The objectives of these activities, if achieved, would certainly be profitable to the groups which are most actively involved in them. But I believe these objectives reflect an implicit identification of the welfare of particular groups with that of the community as a whole.

I believe this identification is made in all sincerity by the majority of those who make it. As it is a sensitive area I shall call on a neutral observer, neither Southerner nor Iowan, to elaborate.

Professor Charles L. Leven, now of the University of Pennsylvania, has characterized the two schools of thought on economic adjustment of rural areas as advocating (1) "moving the people out" and (2) "industry for our town."

Leven contends that the advocates of "moving the people out" generally underestimate the consequences and costs in both the areas they leave and the areas to which they go. This is fairly obvious. However, Leven's comments concerning the "industry for our town" approach are quite penetrating and I should like to quote portions of them:<sup>9</sup>

"We find that this state like most others is filled from one end to the other with local boosters and development personnel working to bring industry to 'our town.' A good part of the rationale behind this movement is the prevention of the necessity for 'our best young people to have to move away to find opportunity.' Preserving the small town as part of the social fiber of the American way of life is another oft cited reason. I am afraid, however, that economic self-interest

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<sup>9</sup>/Charles L. Leven, "A View of Potentials and Policy for Development of Nonfarm Opportunities in Southern Iowa," pp. 215-227 in CAEA Report 4, Seminar on Adjustment and Its Problems in Southern Iowa, Winter Quarter, 1959; published (mimeographed) by the Center for Agricultural and Economic Adjustment, Iowa State University.



has something to do with this feeling too. An analysis of the forces underlying regional economic development would suggest that operators of decreasing cost industries (those that depend heavily on volume to attain low-cost operation) would fill the roster of civic leaders -- people like bankers, publishers, merchants, undertakers and building contractors. Likely to be absent from the list are manufacturers, retired farmers, the mailman and school teacher, and strangely enough, the educated young people whose future is being protected . . .

"Perhaps the most disturbing part of this conception of a solution to the adjustment problem is the needless disillusion to which many conscientious, public-spirited people will almost certainly be subjected. While a sympathetic attitude is probably necessary for industrial expansion in a relatively underdeveloped region, it is hardly a sufficient condition . . . "

With respect to area promotion in a narrow sense, Leven remarks: "The promulgators of small town industrial development are not, of course, completely insensitive to the facts of economic reality. They are at least enough aware of them to be suspicious of the idea of attracting industry on the basis of special inducements. It is certainly possible that through direct subsidization a firm may be permitted to move from a less to a more efficient location. However, acceptors of subsidies are not hard to find and the problem of separating the sheep from the goats is a real one, with the attendant risk of importing a future employment security problem come the next business recession, or even before. In short, one must always realize that it is possible, through inducements to get the wrong industry in the wrong place. This does the firm, the area and our national economic interest little good. I am happy to say that I do not think that community advertising is likely to produce such aberrations. One of the fortunate things for the world is that area promotion (i. e., area advertising) is a largely unsuccessful process.

"Basically, the main shortcoming of rural industrial development as a single solution to the agricultural adjustment problem is its failure to come to grips with the role of resource mobility -- geographically and vocationally -- as one of the main forces behind the economic development of the Western World in general, and the United States in particular."

The earlier part of this chapter stressed resource mobility as a dominant factor in achieving national economic growth and in equalizing wage rates and returns to investment between areas. Hence, there is no need to repeat Leven's conclusions along these lines.

There may well be conflicts of interest between different groups in an economic area. Owners of real estate and locally-oriented businesses will likely be better off, for a while at least, if the local population is retained or increased even at the expense of retarding an increase in wage rates. Manufacturers producing goods for export to other states or nations might be better off, in the short run at least, if wage rates failed to rise. On the other hand, if wages rates in an area are considerably below the national average, one of the best barometers of successful area development as I view it would be the rate at which wage rates are moving upward toward those of the most prosperous areas.

It is harder to estimate returns to capital in an area than returns to labor -- at least it seems to me that the statistics are not so readily available or easily interpreted for capital as for labor. Perhaps a rough and ready compromise goal would be to maximize incomes per member of the area's labor force from all sources. If the area were approximately self-supporting (in the sense of not receiving large net transfer payments from other areas), this would come close to maximizing per capita consumption of private and public goods and services in the area.

### Conclusions

1. The Sino-Soviet challenge makes it necessary for the United States and other nations of the Free World to shape themselves as nearly as possible into a "maximizing unit" -- a unit which tries to maximize its political and economic strength in order that an open society based on democratic freedoms may survive and flourish.

2. Recently the United States, together with 19 other nations, has publicly committed itself to an increased rate of economic growth. If national policies are oriented toward achieving this goal, they will provide a favorable context within which to raise incomes in currently lagging areas. The objective of area programs should be to contribute to national economic growth through area development.

3. A logical economic area for development activities, under Iowa conditions, may include as many as 8 or 10 counties; the boundaries of such areas will in general not coincide with county lines. However, as most county lines run through the open country almost equidistant between the county seat towns, it may be quite reasonable to draw part of the area boundary along county lines and to take advantage of the availability of data and of various organizations which adhere to county lines.

4. There is a need to specify the economic goals of any development program. Recently a Chicago alderman asked the mayor a question which has quite profound implications: "Toward what goals is the budget taking Chicago?" Every expenditure of funds and of persuasive energy takes us toward certain implicit goals and away from others; since this is so, it seems more sensible, even though more idealistic, to try to make our goals explicit and direct our funds and energies toward them in the clear light of day.

5. Above all, we should try to avoid the particularism of promotional activities that rest on too narrow a geographic or interest-group base. Leven takes some comfort in the observation that "area promotion is a largely unsuccessful process" and will not do much harm. However, any worker in area development wants his efforts to count and would be mortified indeed if, after directing his best energies

toward an unattainable goal , he were told that "after all he had done very little harm."

Another poem by Stephen Crane is very much to the point. It goes like this:

I saw a man pursuing the horizon;  
Round and round they sped.  
I was disturbed at this;  
I accosted the man.  
"It is futile," I said,  
"You can never---"  
"You lie," he cried,  
And ran on.